



Mary Taylor, CPA
Auditor of State

**BAZETTA TOWNSHIP
TRUMBULL COUNTY**

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Mary Taylor, CPA
Auditor of State

Bazetta Township
Trumbull County
3372 State Route 5 NE
Cortland, Ohio 44410

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 29, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Bazetta Township
Trumbull County
3372 State Route 5 NE
Cortland, Ohio 44410

To the Board of Trustees:

We have audited the accompanying financial statements of Bazetta Township, Trumbull County, (the Township) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Bazetta Township, Trumbull County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 29, 2010

**BAZETTA TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	
Cash Receipts:					
Property and Other Local Taxes	\$221,192	\$1,385,257	\$230,918		\$1,837,367
Charges for Services		212,235			212,235
Licenses, Permits, and Fees	813	37,790			38,603
Fines and Forfeitures		9,871			9,871
Intergovernmental	159,561	291,162			450,723
Special Assessments		2,920			2,920
Earnings on Investments	15,711				15,711
Miscellaneous	45,163	206,613			251,776
Gifts	100	40			140
Total Cash Receipts	442,540	2,145,888	230,918	0	2,819,346
Cash Disbursements:					
Current:					
General Government	304,956	35,939			340,895
Public Safety	17,665	1,710,003			1,727,668
Public Works	23,399	490,150			513,549
Health	22,637	14,377			37,014
Conservation - Recreation	11,988				11,988
Miscellaneous	357				357
Contract Services	17,309	44,008			61,317
Capital Outlay	31,566	73,999		92,131	197,696
Debt Service:					
Redemption of Principal			216,274		216,274
Interest and Fiscal Charges		3,120	14,644		17,764
Total Cash Disbursements	429,877	2,371,596	230,918	92,131	3,124,522
Total Receipts Over/(Under) Disbursements	12,663	(225,708)	0	(92,131)	(305,176)
Other Financing Receipts / (Disbursements):					
OPWC Loan				92,131	92,131
Operating Transfers - In		84,987		22,284	107,271
Operating Transfers - Out	(107,271)				(107,271)
Advances - In		40,000			40,000
Advances - Out	(40,000)				(40,000)
Total Other Financing Receipts / (Disbursements)	(147,271)	124,987	0	114,415	92,131
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(134,608)	(100,721)	0	22,284	(213,045)
Fund Cash Balances, January 1	273,777	589,900	16	0	863,693
Fund Cash Balances, December 31	\$139,169	\$489,179	\$16	\$22,284	\$650,648
Reserve for Encumbrances, December 31	\$11,914	\$43,205			\$55,119

The notes to the financial statements are an integral part of this statement.

BAZETTA TOWNSHIP
TRUMBULL COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Fiduciary Fund Types</u>
	<u>Private Purpose Trust</u>
Operating Cash Receipts:	
Earnings on Investments	<u>\$174</u>
Total Operating Cash Receipts	<u>174</u>
Operating Cash Disbursements:	
Total Operating Cash Disbursements	<u>288</u>
Operating Income (Loss)	<u>(114)</u>
Fund Cash Balances, January 1	<u>3,647</u>
Fund Cash Balances, December 31	<u><u>\$3,533</u></u>

The notes to the financial statements are an integral part of this statement.

**BAZETTA TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$218,281	\$1,477,142	\$112,808	\$1,808,231
Charges for Services		238,456		238,456
Licenses, Permits, and Fees	146	61,194		61,340
Fines and Forfeitures		14,052		14,052
Intergovernmental	220,230	268,407		488,637
Special Assessments	294	2,811		3,105
Earnings on Investments	26,051			26,051
Miscellaneous	97,309	72,239		169,548
Gifts		3,240		3,240
	<u>562,311</u>	<u>2,137,541</u>	<u>112,808</u>	<u>2,812,660</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	355,177	26,296		381,473
Public Safety	15,193	1,871,009		1,886,202
Public Works	13,573	382,272		395,845
Health	20,532	7,115		27,647
Conservation - Recreation	846			846
Contract Services	15,312	10,685		25,997
Capital Outlay	28,275	63,960		92,235
Debt Service:				
Redemption of Principal			94,006	94,006
Interest and Fiscal Charges			18,798	18,798
	<u>448,908</u>	<u>2,361,337</u>	<u>112,804</u>	<u>2,923,049</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>113,403</u>	<u>(223,796)</u>	<u>4</u>	<u>(110,389)</u>
Other Financing Receipts / (Disbursements):				
Proceeds on Notes		160,000		160,000
Operating Transfers - In		29,000		29,000
Operating Transfers - Out	(29,000)			(29,000)
	<u>(29,000)</u>	<u>189,000</u>	<u>0</u>	<u>160,000</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	84,403	(34,796)	4	49,611
Fund Cash Balances, January 1	<u>189,374</u>	<u>624,696</u>	<u>12</u>	<u>814,082</u>
Fund Cash Balances, December 31	<u>\$273,777</u>	<u>\$589,900</u>	<u>\$16</u>	<u>\$863,693</u>
Reserve for Encumbrances, December 31	<u>\$1,124</u>	<u>\$49,779</u>		<u>\$50,903</u>

The notes to the financial statements are an integral part of this statement.

BAZETTA TOWNSHIP
TRUMBULL COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Fiduciary Fund Types</u>
	<u>Private Purpose Trust</u>
Operating Cash Receipts:	
Earnings on Investments	<u>\$175</u>
Total Operating Cash Receipts	<u>175</u>
Operating Cash Disbursements:	
Total Operating Cash Disbursements	<u>282</u>
Operating Income (Loss)	<u>(107)</u>
Fund Cash Balances, January 1	<u>3,754</u>
Fund Cash Balances, December 31	<u><u>\$3,647</u></u>

The notes to the financial statements are an integral part of this statement.

**BAZETTA TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Bazetta Township, Trumbull County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire and police protection and emergency medical services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit and repurchase agreements at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**BAZETTA TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Police District Fund – This fund receives property tax money to provide police protection to the residents of the Township.

Fire District Fund – This fund receives property tax money to provide fire protection to the residents of the Township.

3. Debt Service Fund

This fund accounts for resources the Township accumulates to pay note debt.

4. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township's capital project fund will account for OPWC Issue I funding for the Howland / Wilson Road Improvement Project in 2009.

5. Fiduciary Fund

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund accounts for trust agreements under which income from the trust may only be used to maintain the cemetery plots of certain individuals.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**BAZETTA TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2008	2007
Demand deposits	(\$21,467)	\$8,937
Certificates of deposit	21,775	21,775
Total deposits	308	30,712
STAR Ohio	368,537	680,889
Repurchase agreement	285,336	155,739
Total investments	653,873	836,628
Total deposits and investments	\$654,181	\$867,340

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**BAZETTA TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and December 31, 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$395,597	\$442,540	\$46,943
Special Revenue	2,048,399	2,230,875	182,476
Debt Service	230,918	230,918	0
Capital Project	22,284	114,415	92,131
Fiduciary	50	174	124
Total	\$2,697,248	\$3,018,922	\$321,674

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$669,374	\$549,062	\$120,312
Special Revenue	2,750,584	2,414,801	335,783
Debt Service	230,934	230,918	16
Capital Project	22,284	92,131	(69,847)
Fiduciary	3,697	288	3,409
Total	\$3,676,873	\$3,287,200	\$389,673

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$434,478	\$562,311	\$127,833
Special Revenue	2,303,185	2,326,541	23,356
Debt Service	112,808	112,808	0
Fiduciary	0	175	175
Total	\$2,850,471	\$3,001,835	\$151,364

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$623,852	\$479,032	\$144,820
Special Revenue	2,927,881	2,411,116	516,765
Debt Service	112,820	112,804	16
Fiduciary	3,754	282	3,472
Total	\$3,668,307	\$3,003,234	\$665,073

**BAZETTA TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
General Obligation Note - Fire Trucks	\$285,496	4.29%
OPWC Loan	\$85,988	0%
Total	\$371,484	

The Township issued a general obligation note in 2004 for the purchase of two fire trucks. Also, in 2008, the Township received a loan from OPWC for the Durst Clagg Road Improvement Project. The Township's taxing authority collateralized the note and loan.

Amortization of the above debt, including interest, is scheduled as follows:

	Fire Truck	
Year ending December 31:	Note	OPWC Loan
2009	64,776	6,142
2010	64,776	6,142
2011	64,776	6,142
2012	64,776	6,142
2013-2023	64,776	61,420
Total	\$323,880	\$85,988

6. RETIREMENT SYSTEMS

The Township's certified fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**BAZETTA TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. RETIREMENT SYSTEMS – (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Township contributed to OPERS an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. For 2008 and 2007, police officers contributed 10.1% of their wages and the Township contributed to OPERS an amount equal to 17.40 and 17.17%, respectively. The Township has paid all contributions required through December 31, 2008.

7. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

**BAZETTA TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. RISK MANAGEMENT – (Continued)

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$43,510.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2007	\$61,598
2008	\$50,593

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Bazetta Township
Trumbull County
3372 State Route 5 NE
Cortland, Ohio 44410

To the Township Board of Trustees:

We have audited the financial statements of Bazetta Township, Trumbull County, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated January 29, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated January 29, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated January 29, 2010.

We intend this report solely for the information and use of management and the Township Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 29, 2010



Mary Taylor, CPA
Auditor of State

BAZETTA TOWNSHIP

TRUMBULL COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 16, 2010