



Dave Yost • Auditor of State

JACKSON TOWNSHIP
MAHONING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

Jackson Township
Mahoning County
PO Box 400
North Jackson, Ohio 44451

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 30, 2011

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jackson Township
Mahoning County
PO Box 400
North Jackson, Ohio 44451

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Mahoning County, (the Township) as of and for the years ended December 31, 2010 and 2009. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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, 2010 and 2009 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, 2010 and 2009 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 of Jackson Township, Mahoning County, as of December 31, 2010 and 2009, 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 September 30, 2011, 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.



Dave Yost
Auditor of State

September 30, 2011

**JACKSON TOWNSHIP
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types					Totals
	General	Special Revenue	Debt Service	Capital Projects	Permanent	(Memorandum Only)
Cash Receipts:						
Property and Other Local Taxes	\$141,009	\$353,003	\$19,163			\$513,175
Licenses, Permits, and Fees	45,875					45,875
Fines and Forfeitures	8,177					8,177
Intergovernmental	109,166	293,108		\$116,331		518,605
Special Assessments				1,363		1,363
Earnings on Investments	9,602	1,446			\$27	11,075
Miscellaneous	79,155	73,995			5,222	158,372
Total Cash Receipts	392,984	721,552	19,163	117,694	5,249	1,256,642
Cash Disbursements:						
Current:						
General Government	170,483	6,879				177,362
Public Safety		524,127				524,127
Public Works	4,152	75,021		3,431		82,604
Health	46,717					46,717
Conservation/Recreation	28,423					28,423
Capital Outlay	34,528	86,386		116,330		237,244
Debt Service:						
Redemption of Principal		8,530	18,155			26,685
Interest and Other Fiscal Charges	16,961		968			17,929
Total Cash Disbursements	301,264	700,943	19,123	119,761		1,141,091
Total Receipts Over/(Under) Disbursements	91,720	20,609	40	(2,067)	5,249	115,551
Other Financing Receipts/(Disbursements):						
Sale of Fixed Assets		10,539				10,539
Total Other Financing Receipts/(Disbursements)		10,539				10,539
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	91,720	31,148	40	(2,067)	5,249	126,090
Fund Cash Balance, January 1 (As Restated in Note 3)	680,326	592,158		9,864	10,134	1,292,482
Fund Cash Balance, December 31	772,046	623,306	40	7,797	15,383	1,418,572
Reserve for Encumbrances, December 31						

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

**JACKSON TOWNSHIP
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types					Totals
	General	Special Revenue	Debt Service	Capital Projects	Permanent	(Memorandum Only)
Cash Receipts:						
Property and Other Local Taxes	\$173,801	\$465,187	\$12,444			\$651,432
Licenses, Permits, and Fees	36,835					36,835
Fines and Forfeitures	10,898					10,898
Intergovernmental	33,453	175,011				208,464
Special Assessments				\$1,725		1,725
Earnings on Investments	19,182	3,012			\$65	22,259
Miscellaneous	5,781	58,414				64,195
Total Cash Receipts	279,950	701,624	12,444	1,725	65	995,808
Cash Disbursements:						
Current:						
General Government	186,606	13,708				200,314
Public Safety		526,767				526,767
Public Works	3,752	71,969		3,052		78,773
Health	40,932					40,932
Conservation/Recreation	17,797					17,797
Capital Outlay	51,796	48,596		18,298		118,690
Debt Service:						
Redemption of Principal	3,696	6,409	10,771			20,876
Interest and Other Fiscal Charges	113	113	1,673			1,899
Total Cash Disbursements	304,692	667,562	12,444	21,350		1,006,048
Total Receipts Over/(Under) Disbursements	(24,742)	34,062		(19,625)	65	(10,240)
Other Financing Receipts/(Disbursements):						
Advances-In	47,885	-	12,444	18,298		78,627
Advances-Out	(30,742)	(17,143)	(12,444)	(18,298)		(78,627)
Other Financing Sources				18,428		18,428
Total Other Financing Receipts/(Disbursements)	17,143	(17,143)		18,428		18,428
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(7,599)	16,919		(1,197)	65	8,188
Fund Cash Balance, January 1 (As Restated in Note 3)	687,925	574,897		11,061	10,069	1,283,952
Fund Cash Balance, December 31	680,326	591,816		9,864	10,134	1,292,140
Reserve for Encumbrances, December 31						

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

**JACKSON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2010**

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 the Jackson Township, Mahoning 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 protection and police protection.

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. Cash 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 at cost. Money market mutual funds 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:

Police District Fund - This fund receives tax settlement money for the general operation of the police department.

Fire District Fund - This fund receives tax settlement money for the general operation of the fire district.

**JACKSON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

3. Debt Service Funds

These funds account for resources the Township accumulates to pay note debt. The Township has a General Note Retirement Fund for the retirement of notes.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

OPWC Gault/Blott Road Storm Water Project- The Township received an OPWC Grant for the Gault/Blott Road storm water project.

5. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Non-expendable Trust Fund/Cemetery Bequest – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

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 fund, function or 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2009 and 2010 budgetary activity appears in Note 4.

**JACKSON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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:

	2010	2009
Demand deposits	\$840,104	\$464,097
Certificates of deposit	152,900	325,169
Total deposits	993,004	789,266
Repurchase agreement	425,568	502,874
Total deposits and investments	\$1,418,572	\$1,292,140

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

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.

3. PRIOR PERIOD RESTATEMENT

Township voided checks that were outstanding for an extended period of time.

2009	General Fund	Special Revenue Fund
Fund Cash Balances, December 31, 2008 (Before Adjustment)	\$687,856	\$574,552
Adjustment made by Township	\$ 69	\$ 345
Fund Cash Balances, January 1, 2009 (After Adjustment)	\$687,925	\$574,897

2010	Special Revenue Fund
Fund Cash Balances, December 31, 2009 (Before Adjustment)	\$591,816
Adjustment made by Township	\$ 342
Fund Cash Balances, January 1, 2010 (After Adjustment)	\$592,158

**JACKSON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2010
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and December 31, 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$214,365	\$392,984	\$178,619
Special Revenue	663,711	732,091	68,380
Debt Service	19,123	19,163	40
Capital Projects	117,694	117,694	0
Permanent	5,249	5,249	0
Total	\$1,020,142	\$1,267,181	\$247,039

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$875,850	\$301,264	\$574,586
Special Revenue	1,236,846	700,943	535,903
Debt Service	19,123	19,123	0
Capital Projects	127,557	119,761	7,796
Permanent	7,387	0	7,387
Total	\$2,266,763	\$1,141,091	\$1,125,672

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$205,727	\$279,950	\$74,223
Special Revenue	563,387	701,624	138,237
Debt Service	12,444	12,444	0
Capital Projects	19,798	20,153	355
Permanent	64	65	1
Total	\$801,420	\$1,014,236	\$212,816

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$893,473	\$304,692	\$588,781
Special Revenue	1,165,472	667,562	497,910
Debt Service	12,444	12,444	0
Capital Projects	30,859	21,350	9,509
Permanent	2,159	0	2,159
Total	\$2,104,407	\$1,006,048	\$1,098,359

**JACKSON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2010
(Continued)**

5. 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.

6. DEBT

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
OPWC - Blott Road Upgrade	\$37,988	0%
Police Cruiser	12,539	4.25%
OPWC - Gault/Blott Road Storm Water Management Project	117,048	0%
Total	\$167,575	

The Ohio Public Works Commission (OPWC) Loan was borrowed for the Blott Road Safety Upgrade project. The police cruiser note was issued to finance the purchase of a Chevy Impala police cruiser to be used for police protection. The OPWC Loan was borrowed for the Gault/Blott Road Storm Water Management Project. This debt is backed by the full faith of the Township.

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

	OPWC Blott Road Safety Upgrade	Police Cruiser	OPWC Gault/Blott Road Storm Water Project
Year ending December 31:			
2011	\$2,713	\$6,672	\$6,002
2012	2,713	6,672	6,002
2013	2,713	6,400	6,002
2014	2,713		6,002
2015	2,713		6,002
2016-2020	10,855		30,012
2021-2025	10,855		30,012
2026-2030	2,713		27,014
Total	\$37,988	\$19,744	\$117,048

**JACKSON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2010
(Continued)**

7. CAPITALIZED LEASE

During fiscal year 2005, the Township entered into a Lease-Purchase Agreement with the Ohio Township Association Leasing, LLC to facilitate the acquisition, construction, installation and improvement of the new township building addition.

Lease rental payments have been capitalized in the amount of \$1,462,491. Base rental payments made in fiscal year 2010 totaled \$47,922 and in fiscal year 2009 totaled \$48,520 paid by the general fund.

The following is a schedule of the base rental payments including interest component and administration and fiduciary fees required under the Lease-Purchase Agreement as of December 31, 2010:

Year ending December 31:	<u>Amount</u>
2011	48,324
2012	47,680
2013	48,036
2014	48,346
2015	47,610
2016-2020	240,368
2021-2025	240,721
2026-2030	240,858
2031-2035	239,125
Total	<u><u>\$1,201,067</u></u>

8. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS); OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, law enforcement employees contributed 11.1% and 10.1%, respectively, of their gross salaries and the Township contributed an amount equaling 17.87% and 17.63%, respectively, of participants' gross salaries. For 2010 and 2009, other employees contributed 10.5% and 10.1%, respectively, of their gross salaries and the Township contributed an amount equaling 17.81% and 17.63%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

9. 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.

**JACKSON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2010
(Continued)**

9. RISK MANAGEMENT – (Continued)

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, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 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.

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, 2009 and 2008 (the latest information available)

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	(12,880,766)	(12,981,818)
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$22,000.

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>	
<u>2009</u>	<u>2008</u>
\$20,670	\$25,367

**JACKSON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2010
(Continued)**

9. RISK MANAGEMENT – (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.



Dave Yost • Auditor of State

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

Jackson Township
Mahoning County
PO Box 400
North Jackson, Ohio 44451

To the Board of Trustees:

We have audited the financial statements of Jackson Township, Mahoning County (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 30, 2011 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 30, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 30, 2011



Dave Yost • Auditor of State

JACKSON TOWNSHIP

MAHONING 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
NOVEMBER 10, 2011