



Mary Taylor, CPA
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, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007.....	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

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Mary Taylor, CPA
Auditor of State

Jackson Township
Mahoning County
10613 Mahoning Avenue
P.O. Box 400
North Jackson, Ohio 44451-0400

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 18, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jackson Township
Mahoning County
10613 Mahoning Avenue
P.O. Box 400
North Jackson, Ohio 44451-0400

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, 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. 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(B) and 115.56 mandate 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.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

www.auditor.state.oh.us

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 of Jackson Township, Mahoning 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 November 18, 2009, 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.



Mary Taylor, CPA
Auditor of State

November 18, 2009

**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, 2008**

	Governmental Fund Types					Totals
	General	Special Revenue	Debt Service	Capital Projects	Permanent	(Memorandum Only)
Cash Receipts:						
Property and Other Local Taxes	\$ 167,138	\$ 447,107	\$ 12,444	\$ -	\$ -	\$ 626,689
Licenses, Permits, and Fees	59,060	-	-	-	-	59,060
Fines and Forfeitures	9,169	-	-	-	-	9,169
Intergovernmental	197,218	170,387	-	51,612	-	419,217
Special Assessments	-	-	-	1,863	-	1,863
Earnings on Investments	29,120	4,252	-	-	142	33,514
Miscellaneous	13,645	49,539	-	-	-	63,184
Total Cash Receipts	475,350	671,285	12,444	53,475	142	1,212,696
Cash Disbursements:						
Current:						
General Government	189,640	13,636	-	-	-	203,276
Public Safety	-	537,655	-	-	-	537,655
Public Works	3,000	97,207	-	3,070	-	103,277
Health	43,773	-	-	-	-	43,773
Conservation/Recreation	9,814	-	-	-	-	9,814
Capital Outlay	39,931	66,779	-	51,612	-	158,322
Debt Service:						
Redemption of Principal	3,696	6,409	10,770	-	-	20,875
Interest and Other Fiscal Charges	87	86	1,674	-	-	1,847
Total Cash Disbursements	289,941	721,772	12,444	54,682	-	1,078,839
Total Receipts Over/(Under) Disbursements	185,409	(50,487)	-	(1,207)	142	133,857
Other Financing Receipts/(Disbursements):						
Transfers-In	-	752	-	-	-	752
Transfers-Out	(752)	-	-	-	-	(752)
Advances-In	12,444	17,144	12,444	-	-	42,032
Advances-Out	(29,588)	-	(12,444)	-	-	(42,032)
Total Other Financing Receipts/(Disbursements)	(17,896)	17,896	-	-	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	167,513	(32,591)	-	(1,207)	142	133,857
Fund Balance January 1 (As Restated in Note 3)	520,343	607,143	-	12,268	9,927	1,149,681
Fund Cash Balance, December 31	\$ 687,856	\$ 574,552	\$ -	\$ 11,061	\$ 10,069	\$ 1,283,538

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, 2007**

	Governmental Fund Types					Totals
	General	Special Revenue	Debt Service	Capital Projects	Permanent	(Memorandum Only)
Cash Receipts:						
Property and Other Local Taxes	\$ 176,198	\$ 491,141	\$ 6,798	\$ -	\$ -	\$ 674,137
Licenses, Permits, and Fees	63,431	-	-	-	-	63,431
Fines and Forfeitures	7,586	-	-	-	-	7,586
Intergovernmental	144,602	140,460	-	-	-	285,062
Special Assessments	-	-	-	1,179	-	1,179
Earnings on Investments	33,859	4,688	-	-	111	38,658
Miscellaneous	6,204	47,384	-	-	-	53,588
Total Cash Receipts	<u>431,880</u>	<u>683,673</u>	<u>6,798</u>	<u>1,179</u>	<u>111</u>	<u>1,123,641</u>
Cash Disbursements:						
Current:						
General Government	175,551	9,906	-	-	-	185,457
Public Safety	-	470,755	-	-	-	470,755
Public Works	2,294	64,796	-	2,044	-	69,134
Health	39,988	-	-	-	-	39,988
Conservation/Recreation	12,141	-	-	-	-	12,141
Capital Outlay	48,384	16,926	-	34,000	-	99,310
Debt Service:						
Redemption of Principal	3,696	5,053	6,530	-	-	15,279
Interest and Other Fiscal Charges	86	87	268	-	-	441
Total Cash Disbursements	<u>282,140</u>	<u>567,523</u>	<u>6,798</u>	<u>36,044</u>	<u>-</u>	<u>892,505</u>
Total Receipts Over/(Under) Disbursements	<u>149,740</u>	<u>116,150</u>	<u>-</u>	<u>(34,865)</u>	<u>111</u>	<u>231,136</u>
Other Financing Receipts/(Disbursements):						
Sale of Fixed Assets	-	1,498	-	-	-	1,498
Other Financing Sources	-	-	-	34,000	-	34,000
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>1,498</u>	<u>-</u>	<u>34,000</u>	<u>-</u>	<u>35,498</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	149,740	117,648	-	(865)	111	266,634
Fund Balance January 1 (As Restated in Note 3)	<u>370,403</u>	<u>489,370</u>	<u>-</u>	<u>13,133</u>	<u>9,816</u>	<u>882,722</u>
Fund Cash Balance, December 31	<u>\$ 520,143</u>	<u>\$ 607,018</u>	<u>\$ -</u>	<u>\$ 12,268</u>	<u>\$ 9,927</u>	<u>\$ 1,149,356</u>

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

**JACKSON TOWNSHIP
MAHONING 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 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, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Debt Service Funds

This fund accounts 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:

CDBG Liberty Street Capital Projects Fund - A CDBG Grant was received for Liberty Street Waterline 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 cemetery bequests.

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 re-appropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 4.

**JACKSON TOWNSHIP
MAHONING COUNTY**

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

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

	2008	2007
Demand deposits	\$193,752	\$8,981
Certificates of deposit	320,915	320,916
Total deposits	514,667	329,897
STAR Ohio	300,000	300,000
Repurchase agreement	468,871	519,459
Total investments	768,871	819,459
Total deposits and investments	\$1,283,538	\$1,149,356

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. Investments in STAR Ohio are not evidenced by securities that exist in the physical or book-entry form.

3. PRIOR PERIOD RESTATEMENT

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

2007	General Fund	Special Revenue Fund
Fund Cash Balances, December 31, 2006 (Before Adjustment)	\$ 370,246	\$ 489,326
Adjustment made by Township	\$ 157	\$ 44
Fund Cash Balances, January 1, 2007 (After Adjustment)	\$ 370,403	\$ 489,370

2008	General Fund	Special Revenue Fund
Fund Cash Balances, December 31, 2007 (Before Adjustment)	\$ 520,143	\$ 607,018
Adjustment made by Township	\$ 200	\$ 125
Fund Cash Balances, January 1, 2008 (After Adjustment)	\$ 520,343	\$ 607,143

**JACKSON TOWNSHIP
MAHONING COUNTY**

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

4. 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	\$211,695	\$475,350	\$263,655
Special Revenue	534,517	672,037	137,520
Debt Service	12,444	12,444	0
Capital Projects	52,612	53,475	863
Permanent	30	142	112
Total	<u>\$811,298</u>	<u>\$1,213,448</u>	<u>\$402,150</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$704,056	\$290,693	\$413,363
Special Revenue	1,157,390	721,772	435,618
Debt Service	12,444	12,444	0
Capital Projects	64,881	54,682	10,199
Permanent	2,056		2,056
Total	<u>\$1,940,827</u>	<u>\$1,079,591</u>	<u>\$861,236</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$211,635	\$431,880	\$220,245
Special Revenue	560,850	685,171	124,321
Debt Service	6,798	6,798	0
Capital Projects	35,000	35,179	179
Permanent	15	111	96
Total	<u>\$814,298</u>	<u>\$1,159,139</u>	<u>\$344,841</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$581,881	\$282,140	\$299,741
Special Revenue	1,050,175	567,523	482,652
Debt Service	6,798	6,798	-
Capital Projects	48,133	36,044	12,089
Permanent	9,832	-	9,832
Total	<u>\$1,696,819</u>	<u>\$892,505</u>	<u>\$804,314</u>

**JACKSON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(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, 2008 was as follows:

	Principal	Interest Rate
Police Crusiers	\$23,234	4.75%
Dump Truck	7,280	4%
OPWC-Blott Road Upgrade	44,769	
Total	\$75,283	

The police truck note was issued to finance the purchase of a Chevy Colorado police truck to be used for police protection. The dump truck note was issued to purchase a truck for road maintenance. The Ohio Public Works Commission (OPWC) Loan was borrowed for the Blott Road Safety Upgrade project. This debt is backed by the full faith of the Township.

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

	Police Crusiers	Dump Truck	OPWC
Year ending December 31:			
2009	\$12,443	\$7,565	\$2,713
2010	12,443		2,713
2011			2,713
2012			2,713
2013			2,713
2014 – 2018			13,567
2019 – 2023			13,567
2024 – 2026			4,070
Total	\$24,886	\$7,565	\$44,769

**JACKSON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(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 2007 totaled \$48,383 and in fiscal year 2008 totaled \$37,035 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, 2008:

Year ending December 31:	<u>Amount</u>
2009	48,519
2010	47,922
2011	48,324
2012	47,680
2013	48,036
2014-2018	239,978
2019-2023	240,268
2024-2028	240,893
2029-2033	239,894
2034-2035	95,996
Total	<u>\$1,297,510</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 this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, law enforcement employee contributed 10.1% of their gross salaries and the Township contributed an amount equaling 17.40% and 17.17%, respectively, of participants' gross salaries. For 2008 and 2007, other employees contributed 10% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

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.

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**JACKSON TOWNSHIP
MAHONING COUNTY**

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

9. RISK MANAGEMENT – (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do 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, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

**JACKSON TOWNSHIP
MAHONING COUNTY**

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

9. RISK MANAGEMENT – (Continued)

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, 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 \$23,077. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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>	
2005	\$31,156
2006	\$32,821
2007	\$24,550

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.



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*

Jackson Township
Mahoning County
10613 Mahoning Avenue
P.O. Box 400
North Jackson, Ohio 44451-0400

To the Township 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, 2008 and 2007, and have issued our report thereon dated November 18, 2009 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 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 November 18, 2009.

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 a certain noncompliance or other matter that we reported to the Township's management in a separate letter dated November 18, 2009.

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



Mary Taylor, CPA
Auditor of State

November 18, 2009



Mary Taylor, CPA
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
DECEMBER 17, 2009**