

JEFFERSON TOWNSHIP
Jackson County, Ohio

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2010 & 2009

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Trustees
Jefferson Township
1246 Antioch Road
Oak Hill, Ohio 45656

We have reviewed the *Report of Independent Accountants* of Jefferson Township, Jackson County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Jefferson Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

October 19, 2011

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**JEFFERSON TOWNSHIP
JACKSON COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2010 & 2009**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1-2
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009	4
Notes to the Financial Statements	5-12
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13-14
Schedule of Prior Audit Findings	15

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township
Jackson County
1246 Antioch Road
Oak Hill, Ohio 45656

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Jackson County, Ohio (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. We believe that 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.


Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2010 and 2009. Instead of the combined funds the accompanying financial statements present for 2010 and 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010 and 2009. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, 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 Jefferson Township, Jackson County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2010 and 2009. 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 August 19, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Charles E. Harris & Associates, Inc.

August 19, 2011

**JEFFERSON TOWNSHIP
JACKSON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2010**

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property and Local Taxes	\$ 21,568	\$ 38,138	\$ 119,376	\$ 179,082
Intergovernmental	42,414	101,070	-	143,484
Earnings on Investments	439	83	-	522
Total Receipts	64,421	139,291	119,376	323,088
Disbursements:				
General Government	67,248	-	600	67,848
Public Safety	-	1,354	-	1,354
Public Works	-	155,648	-	155,648
Capital Outlay	-	-	11,936	11,936
Debt Service:				
Principal	-	-	79,650	79,650
Interest	-	-	1,585	1,585
Total Disbursements	67,248	157,002	93,771	318,021
Total Receipts Over/(Under) Disbursements	(2,827)	(17,711)	25,605	5,067
Other Financing Sources/(Uses):				
Other Financing Sources	600	-	-	600
Total Other Financing Sources/(Uses)	600	-	-	600
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	(2,227)	(17,711)	25,605	5,667
Fund Cash Balance, January 1,	92,829	80,973	29,523	203,325
Fund Cash Balance, December 31,	\$ 90,602	\$ 63,262	\$ 55,128	\$ 208,992

See Accompanying Notes to the Financial Statements.

**JEFFERSON TOWNSHIP
JACKSON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2009**

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property and Local Taxes	\$ 46,401	\$ 59,920	\$ 92,768	\$ 199,089
Intergovernmental	50,630	99,501	-	150,131
Earnings on Investments	384	109	-	493
Total Receipts	97,415	159,530	92,768	349,713
Disbursements:				
General Government	74,584	-	-	74,584
Public Safety	-	1,000	-	1,000
Public Works	-	140,137	-	140,137
Capital Outlay	-	-	5,617	5,617
Debt Service:				
Principal	-	-	92,748	92,748
Interest	-	-	6,545	6,545
Total Disbursements	74,584	141,137	104,910	320,631
Total Receipts Over/(Under) Disbursements	22,831	18,393	(12,142)	29,082
Other Financing Sources (Uses):				
Other Financing Sources	1,817	-	-	1,817
Total Other Financing Sources (Uses)	1,817	-	-	1,817
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	24,648	18,393	(12,142)	30,899
Fund Cash Balance, January 1,	68,181	62,580	41,665	172,426
Fund Cash Balance, December 31,	\$ 92,829	\$ 80,973	\$ 29,523	\$ 203,325

See Accompanying Notes to the Financial Statements.

JEFFERSON TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Jefferson Township, Jackson County (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees. The Township provides road and bridge maintenance and fire protection services. The Township is affiliated with the Madison-Jefferson Joint Fire District, a jointly governed organization.

The Township's management believes the financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

JEFFERSON TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Township has the following significant Special Revenue funds:

- Gasoline Tax Fund-Receives gasoline excise taxes to pay for constructing, maintaining and repairing Township roads.
- Road and Bridge Fund-Receives property taxes for constructing, maintaining and repairing Township roads and bridges.

Capital Projects: This fund is used to account for resources to be used for the acquisition or construction of capital assets. The Township has the following significant Capital Projects Fund:

- Community Improvement Fund-Receives sales tax money for road repairs.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Township Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Fiscal Officer by September 1.

JEFFERSON TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

1. Estimated Resources - (Continued)

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Fiscal Officer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2009 and 2010. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbrances outstanding at year end are cancelled and re-appropriated in the subsequent year.

JEFFERSON TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2010</u>	<u>2009</u>
Demand Deposits	<u>\$208,992</u>	<u>\$203,325</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

**JEFFERSON TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

3. PROPERTY TAXES - (Continued)

Public utilities are also taxed on personal and real property located within the Township. Tangible personal property tax is assessed on the property owners, who must file a list of such property to the County by each April 30. Tangible personal property taxes are being phased out through 2009.

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

4. BUDGETARY ACTIVITY

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

<u>2010 Budgeted vs Actual Receipts</u>			
<u>Fund:</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 67,000	\$ 65,021	\$ (1,979)
Special Revenue Funds	130,000	139,291	9,291
Capital Projects Funds	101,000	119,376	18,376

<u>2010 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 159,829	\$ 67,248	\$ 92,581
Special Revenue Funds	210,973	157,002	53,971
Capital Projects Funds	130,523	93,771	36,752

<u>2009 Budgeted vs Actual Receipts</u>			
<u>Fund:</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 68,000	\$ 99,232	\$ 31,232
Special Revenue Funds	134,000	159,530	25,530
Capital Projects Funds	104,000	92,768	(11,232)

<u>2009 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 131,600	\$ 74,584	\$ 57,016
Special Revenue Funds	178,000	141,137	36,863
Capital Projects Funds	140,000	104,910	35,090

**JEFFERSON TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

5. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS), a state operated, cost sharing, multiple employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 10.0% in 2009 and 2010 of their gross pay while the Township contributed an amount equal to 14.00% in 2009 and 2010 of covered payroll.

The Township paid all required contributions through 2010.

6. 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, 2010, 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, 2010 and 2009:

**JEFFERSON TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

6. RISK MANAGEMENT – (Continued)

	<u>2010</u>	<u>2009</u>
Assets	\$ 35,855,252	\$ 38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Member's Equity	<u>\$ 25,190,528</u>	<u>\$ 26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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>2010</u>	<u>2009</u>
\$2,827	\$2,231

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.

7. DEBT

The Township paid off all its debt during 2009 and 2010. The Township did not have any outstanding debt at December 31, 2010.

JEFFERSON TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

8. JOINTLY GOVERNED ORGANIZATION

The Madison-Jefferson Joint Fire District, Jackson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Fire District is directed by an appointed five-member Board of Trustees. Three members are appointed by the Fire Fighter's Association and one is appointed by each of the Townships (Madison and Jefferson Townships) which are members of the Fire District. The Fire District provides the community with fire protection. To obtain financial information, write to the Madison-Jefferson Joint Fire District, Sue Lambert – Clerk/Treasurer, 311 Madison Street, P.O. Box 330, Oak Hill, Ohio 45656.

9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

During the course of normal governmental operation the Township is subject to a variety of lawsuits. However, the Township is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the Township.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Jefferson Township
Jackson County
1246 Antioch Road
Oak Hill, Ohio 45656

To the Board of Trustees:

We have audited the financial statements of Jefferson Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 19, 2011, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of the Township in a separate letter dated August 19, 2011.

This report is intended solely for the information and use of the management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

August 19, 2011

**JEFFERSON TOWNSHIP
 JACKSON COUNTY, OHIO
 SCHEDULE OF PRIOR AUDIT FINDINGS
 For the Years Ended December 31, 2010 and 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-JEFF-01	Ohio Administrative Code Section 117-2-02(A) - Loan Refinancing/Equipment Purchase Not Recorded	Yes	
2008-JEFF-02	ORC 5705.36(A)(3) - Amended Certificates Not Obtained	No	Partially Corrected; Moved to Management Letter
2008-JEFF-03	ORC 5705.41(B) - Expenditures Exceeded Appropriations	Yes	

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Dave Yost • Auditor of State

JEFFERSON TOWNSHIP

JACKSON 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**