



Mary Taylor, CPA
Auditor of State

**JACKSON TOWNSHIP
STARK COUNTY**

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JACKSON TOWNSHIP
STARK COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jackson Township
Stark County
5735 Wales Avenue NW
Massillon, Ohio 44646

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the discretely presented component unit and aggregate remaining fund information of Jackson Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the discretely presented component unit and the aggregate remaining fund information of Jackson Township, Stark County, Ohio, as of December 31, 2006 and 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Road and Bridge Fund, Police Levy Fund, and Fire Levy Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2007, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 16, 2007

Jackson Township, Stark County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of Jackson Township's financial performance provides an overview of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 and 2005 are as follows:

Net assets of governmental activities increased \$2,966,592, or 32.7 percent in 2006, a significant change from the prior year. Net assets of governmental activities decreased \$446,738, or 4.7 percent in 2005, an insignificant change from the prior year. The funds most affected by the 2006 increase in cash and cash equivalents were the Road and Bridge, Police, and Highway Capital Funds.

The Township's general receipts are primarily property taxes. These receipts represent \$15,315,705 or 63.8 percent in 2006 and \$13,025,426 or 62.5 percent in 2005 of the total cash received for governmental activities during the year. Property tax receipts for 2006 increased an average of 4.2 percent, except for the Police Levy fund which increased 57.5 percent due to the new millage approved by voters in 2005.

\$700,379 was received in inheritance tax in 2006 and \$1,099,098 was received in 2005.

In 2006, voters approved a replacement of 5.6 mills and an increase of 0.4 mills to constitute a tax of 6 mills for the Fire Levy. 2007 is the first year of collections.

In 2005, voters approved an additional tax of 4.5 mills for the Police Levy. 2006 was the first year of collections. In 2005, the Board of Trustees terminated the existing 1.9 mill continuous police levies due to the passage of the new 4.5 mill levy. There were also two levies totaling 3.25 mills that the Board of Trustees allowed to expire and 2005 was the last year of collections.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Jackson Township, Stark County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township consists of one type of activity:

Governmental activities - The Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and proprietary.

Jackson Township, Stark County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2006 and 2005
 Unaudited

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Road and Bridge, Police, Fire, General Capital (2005 only), and Highway Capital Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has no enterprise funds. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township has one internal service fund to account for employee health-care claims.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a modified cash basis. This is the first time the Township has presented their financial statements in the GASB 34 format. In future years, a comparison to prior year will be shown.

(Table 1)
Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$12,029,448	\$9,062,856
Net Assets		
Restricted for:		
Capital Outlay	\$4,003,478	\$3,583,106
Other Purposes	5,857,653	3,337,912
Unrestricted	2,168,317	2,141,838
Total Net Assets	\$12,029,448	\$9,062,856

As mentioned previously, net assets of governmental activities increased \$2,966,592 or 32.7 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- The passage of the Police Levy in 2005 increased collections in 2006 by \$2,317,680 or 59.8 percent.
- The 2006 Public Works receipts only increased by 5 percent but the cash balance increased \$533,583 or 164 percent due to decreases in expenses and transfers to reserve funds.

Jackson Township, Stark County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

- The Highway Capital increased 48.1 percent due to a transfer in and a decrease in expenses.

Table 2 reflects the changes in net assets in 2006 and 2005. This is the first time the Township has presented their financial statements in the GASB 34 format. In future years, a comparison to prior year will be shown.

(Table 2)
Changes in Net Assets

	Governmental Activities 2006	Governmental Activities 2005
	<u>2006</u>	<u>2005</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$3,454,015	\$3,275,877
Operating Grants and Contributions	544,830	434,349
Capital Grants and Contributions	506,071	168,058
Total Program Receipts	<u>4,504,916</u>	<u>3,878,284</u>
General Receipts:		
Property and Other Local Taxes	15,315,705	13,025,427
Grants and Entitlements Not Restricted to Specific Programs	3,709,484	3,643,997
Interest	475,650	256,475
Miscellaneous	6,211	45,674
Total General Receipts	<u>19,507,050</u>	<u>16,971,573</u>
Total Receipts	<u>24,011,966</u>	<u>20,849,857</u>
Disbursements:		
General Government	4,212,194	4,146,412
Public Safety	11,587,816	11,330,528
Public Works	2,190,059	2,944,372
Health	291,750	276,025
Conservation-Recreation	846,117	587,629
Capital Outlay	1,917,438	2,011,629
Total Disbursements	<u>21,045,374</u>	<u>21,296,595</u>
Increase (Decrease) in Net Assets	2,966,592	(446,738)
Net Assets Beginning of Year	<u>9,062,856</u>	<u>9,509,594</u>
Net Assets End of Year	<u>\$12,029,448</u>	<u>\$9,062,856</u>

Program receipts represent only 18.8 percent of total receipts during 2006 and 18.6 percent of total receipts during 2005. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees, and charges for ambulance and EMS.

General receipts represent 81.2 percent in 2006 and 81.4 percent in 2005 of the Township's total receipts, and of this amount, 63.8 percent in 2006 and 62.5 percent in 2005 are property taxes. State and federal grants and entitlements make up 15.4 percent in 2006 and 17.4 percent in 2005 of the Township's total receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Jackson Township, Stark County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, Fiscal Officer, and other general activities, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Public Safety are costs associated with police and fire protection and emergency services. Public Works are costs associated with maintaining Township roads. Health is the contribution to the County health department; and Conservation-Recreation are the costs of maintaining the parks and playing fields.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety, which account for 55.1 percent in 2006 and 53.2 percent in 2005 of all governmental disbursements. General government also represents a significant cost, about 20 percent in 2006 and 19.5 percent in 2005. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$4,212,194	\$1,982,735	\$4,146,412	\$1,757,380
Public Safety	11,587,816	10,352,219	11,330,528	10,434,435
Public Works	2,190,059	1,269,305	2,944,372	2,416,610
Health	291,750	291,750	276,025	276,025
Conservation-Recreation	846,117	727,011	587,629	522,232
Capital Outlay	1,917,438	1,917,438	2,011,629	2,011,629
Total Expenses	<u>\$21,045,374</u>	<u>\$16,540,458</u>	<u>\$21,296,595</u>	<u>\$17,418,311</u>

The dependence upon property tax receipts is apparent as over 78.6 percent in 2006 and 81.8 percent in 2005 of governmental activities are supported through these general receipts.

Jackson Township, Stark County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

The Township's Funds

Total governmental funds had receipts of \$24,951,179 in 2006 and \$21,043,768 in 2005 and disbursements of \$21,717,975 in 2006 and \$21,386,454 in 2005. The greatest change for 2006 and 2005 within governmental funds occurred within the Road and Bridge, Police Levy, and Highway Capital Funds. In 2006, the fund balance of the Road and Bridge Fund increased \$533,583 due to a decrease in expenditures and transfers to reserve funds. The fund balance of the Police Levy Fund increased \$853,265 due to the passage of the Police Levy in 2005 and 2006 collections increased 58.9 percent. The fund balance of the Highway Capital Fund increased \$892,176 due to a decrease in expenditures and a shared-project reimbursement from Stark County in 2006. In 2005, the fund balance of the Road and Bridge fund decreased by \$525,283 due to increased expenditures for road materials and the purchase of road equipment and vehicles. The fund balance of the Police Levy fund increased \$185,835 due to an advance of \$230,894 from the General Fund. The fund balance of the Highway Capital Fund increased \$645,270 due to a decrease in expenditures and an increase in transfers from other Highway funds.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006, the Township amended its General Fund budget once to reflect changing circumstances. Final budgeted receipts did not change from the original budgeted receipts. The difference between final budgeted receipts and actual receipts was \$594,474 due to a conservative estimate of estate/inheritance taxes and interest receipts, since these can be unpredictable sources of revenue.

During 2005, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts increased \$557,844 or 21 percent from the original budgeted receipts due to growth in the intergovernmental receipts. The difference between final budgeted receipts and actual receipts was \$120,883, which is insignificant.

During 2006, General Fund final disbursements were budgeted at \$3,358,325 while actual disbursements were \$2,385,742. General Government is most of the difference. Final budgeted disbursements increased \$148,278 or 4.6 percent from the original budgeted disbursements, due to an increase in actual receipts and supplemental appropriations.

During 2005, General Fund final disbursements were budgeted at \$3,823,343 while actual disbursements were \$2,352,913. General Government is most of the difference. Final budgeted disbursements increased \$328,424 or 9.4 percent from the original budgeted disbursements, due to an increase in actual receipts and supplemental appropriations.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

The Township has no outstanding debt.

Jackson Township, Stark County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. As indicated in the preceding financial information, the Township relies heavily on local taxes and intergovernmental receipts to operate at the current level of services.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Randy Gonzalez, Fiscal Officer, Jackson Township, Stark County, 5735 Wales Avenue N.W., Massillon, Ohio 44646, telephone 330-832-5886 or visit the Township's website at www.jacksonwp.com.

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Jackson Township, Stark County
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	Primary Government Governmental Activities	Component Unit
Assets		
Equity in Pooled Cash and Cash Equivalents	\$12,029,448	\$25,527
Accounts Receivable		494
	\$12,029,448	\$26,021
<i>Total Assets</i>	\$12,029,448	\$26,021
 Net Assets		
Restricted for:		
Capital Projects	\$4,003,478	
Other Purposes	5,857,653	
Unrestricted	2,168,317	\$26,021
<i>Total Net Assets</i>	\$12,029,448	\$26,021

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$4,212,194	\$2,229,459		
Public Safety	11,587,816	1,034,506	\$109,266	\$91,825
Public Works	2,190,059	132,090	426,918	361,746
Health	291,750			
Conservation-Recreation	846,117	57,960	8,646	52,500
Capital Outlay	1,917,438			
<i>Total Governmental Activities</i>	<u>21,045,374</u>	<u>3,454,015</u>	<u>544,830</u>	<u>506,071</u>
<i>Total Primary Government</i>	<u>\$21,045,374</u>	<u>\$3,454,015</u>	<u>\$544,830</u>	<u>\$506,071</u>
Component Unit	\$75,341	\$22,900	\$67,776	

General Receipts

Property Taxes Levied for:

General Purposes

Police

Fire

Road and Bridge

Other Taxes

Grants and Entitlements not Restricted to Specific Programs

Interest

Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes In Net Assets

Primary Government Governmental Activities	Component Unit
(\$1,982,735)	
(10,352,219)	
(1,269,305)	
(291,750)	
(727,011)	
(1,917,438)	
(16,540,458)	
(16,540,458)	
	\$15,335
354,385	
5,188,777	
6,025,905	
3,255,936	
490,702	
3,709,484	
475,650	
6,211	
19,507,050	0
2,966,592	15,335
9,062,856	10,686
\$12,029,448	\$26,021

Jackson Township, Stark County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Road and Bridge	Police	Fire	Highway Capital	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$2,033,967	\$859,223	\$1,196,533	\$1,129,660	\$2,748,786	\$3,926,929	\$11,895,098
Fund Balances							
Reserved:							
Reserved for Encumbrances	49,390	165,826	20,303	26,801	332,238	503,230	1,097,788
Unreserved:							
Designated for:							
Acquisition of ambulance and fire trucks						375,779	375,779
Acquisition of police cruisers						260,000	260,000
Park improvements and equipment						63,758	63,758
Road and streets					2,416,548		2,416,548
Property purchases						91,885	91,885
Severance payouts						786,950	786,950
Budget stabilization			175,000	366,878			541,878
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	1,984,577						1,984,577
Special Revenue Funds		693,397	1,001,230	735,981		1,845,327	4,275,935
Total Fund Balances	\$2,033,967	\$859,223	\$1,196,533	\$1,129,660	\$2,748,786	\$3,926,929	\$11,895,098

Governmental activities net assets include the internal service fund's cash and cash equivalents. The proprietary fund's statements include these assets.

\$12,029,448

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Road & Bridge	Police	Fire	Highway Capital	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$725,639	\$1,986,780	\$5,188,777	\$6,025,905		\$1,388,604	\$15,315,705
Charges for Services	221,626	15,866	100,981	5,770	\$278,828	941,810	1,564,881
Licenses, Permits and Fees		228		2,850		197,150	200,228
Fines and Forfeitures	41,130		3,245			56,297	100,672
Intergovernmental	1,675,745	261,267	864,633	883,002		707,562	4,392,209
Special Assessments						105,282	105,282
Interest	475,650					6,709	482,359
Other	44,491	704	32,838	17,556		102,243	197,832
<i>Total Receipts</i>	<u>3,184,281</u>	<u>2,264,845</u>	<u>6,190,474</u>	<u>6,935,083</u>	<u>278,828</u>	<u>3,505,657</u>	<u>22,359,168</u>
Disbursements							
Current:							
General Government	1,992,397					296,667	2,289,064
Public Safety	15,525		4,393,819	6,762,444		416,028	11,587,816
Public Works	17,791	1,705,774				466,494	2,190,059
Health	291,750						291,750
Conservation-Recreation						846,117	846,117
Capital Outlay	18,889	25,488	252,495	50,613	736,652	833,300	1,917,437
<i>Total Disbursements</i>	<u>2,336,352</u>	<u>1,731,262</u>	<u>4,646,314</u>	<u>6,813,057</u>	<u>736,652</u>	<u>2,858,606</u>	<u>19,122,243</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>847,929</u>	<u>533,583</u>	<u>1,544,160</u>	<u>122,026</u>	<u>(457,824)</u>	<u>647,051</u>	<u>3,236,925</u>
Other Financing Sources (Uses)							
Sale of Capital Assets				1			1
Transfers In					1,350,000	1,242,010	2,592,010
Transfers Out	(785,732)		(460,000)			(1,350,000)	(2,595,732)
Advances In	230,894						230,894
Advances Out			(230,894)				(230,894)
<i>Total Other Financing Sources (Uses)</i>	<u>(554,838)</u>	<u>0</u>	<u>(690,894)</u>	<u>1</u>	<u>1,350,000</u>	<u>(107,990)</u>	<u>(3,721)</u>
<i>Net Change in Fund Balances</i>	<u>293,091</u>	<u>533,583</u>	<u>853,266</u>	<u>122,027</u>	<u>892,176</u>	<u>539,061</u>	<u>3,233,204</u>
<i>Fund Balances Beginning of Year</i>	<u>1,740,876</u>	<u>325,640</u>	<u>343,277</u>	<u>1,007,633</u>	<u>1,856,610</u>	<u>3,387,868</u>	<u>8,661,894</u>
<i>Fund Balances End of Year</i>	<u>\$2,033,967</u>	<u>\$859,223</u>	<u>\$1,196,533</u>	<u>\$1,129,660</u>	<u>\$2,748,786</u>	<u>\$3,926,929</u>	<u>\$11,895,098</u>

Net Change in Fund Balances Governmental Funds \$3,233,204

Internal Service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund receipts (disbursements). (266,612)

Change in net assets of \$2,966,592

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$705,066	\$705,066	\$725,639	\$20,573
Charges for Services	224,221	224,221	221,626	(2,595)
Fines and Forfeitures	45,000	45,000	41,130	(3,870)
Intergovernmental	1,321,941	1,321,941	1,675,745	353,804
Interest	250,000	250,000	475,650	225,650
Other	43,579	43,579	44,491	912
<i>Total receipts</i>	<u>2,589,807</u>	<u>2,589,807</u>	<u>3,184,281</u>	<u>594,474</u>
Disbursements				
Current:				
General Government	2,367,752	2,962,237	2,034,229	928,008
Public Safety	78,774	38,774	15,525	23,249
Public Works	17,000	21,161	21,161	0
Health	218,000	291,750	291,750	0
Capital Outlay	528,521	44,403	23,077	21,326
<i>Total Disbursements</i>	<u>3,210,047</u>	<u>3,358,325</u>	<u>2,385,742</u>	<u>972,583</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(620,240)</u>	<u>(768,518)</u>	<u>798,539</u>	<u>1,567,057</u>
Other Financing Sources (Uses)				
Transfers Out	(812,296)	(814,018)	(785,732)	28,286
Advances In			230,894	230,894
<i>Total Other Financing Sources (Uses)</i>	<u>(812,296)</u>	<u>(814,018)</u>	<u>(554,838)</u>	<u>259,180</u>
<i>Net Change in Fund Balance</i>	<u>(1,432,536)</u>	<u>(1,582,536)</u>	<u>243,701</u>	<u>1,826,237</u>
<i>Fund Balance Beginning of Year</i>	1,653,737	1,653,737	1,653,737	0
Prior Year Encumbrances Appropriated	87,139	87,139	87,139	0
<i>Fund Balance End of Year</i>	<u>\$308,340</u>	<u>\$158,340</u>	<u>\$1,984,577</u>	<u>\$1,826,237</u>

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$1,905,663	\$1,905,663	\$1,986,780	\$81,117
Charges for Services	561	561	15,866	15,305
Licenses, Permits and Fees	300	300	228	(72)
Intergovernmental	301,528	301,528	261,267	(40,261)
Other	17,439	17,439	704	(16,735)
<i>Total receipts</i>	<u>2,225,491</u>	<u>2,225,491</u>	<u>2,264,845</u>	<u>39,354</u>
Disbursements				
Current:				
Public Works	2,040,377	2,034,507	1,710,730	323,777
Capital Outlay	180,600	186,471	186,358	113
<i>Total Disbursements</i>	<u>2,220,977</u>	<u>2,220,978</u>	<u>1,897,088</u>	<u>323,890</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,514</u>	<u>4,513</u>	<u>367,757</u>	<u>363,244</u>
<i>Net Change in Fund Balance</i>	4,514	4,513	367,757	363,244
<i>Fund Balance Beginning of Year</i>	248,836	248,836	248,836	0
Prior Year Encumbrances Appropriated	76,804	76,804	76,804	0
<i>Fund Balance End of Year</i>	<u>\$330,154</u>	<u>\$330,153</u>	<u>\$693,397</u>	<u>\$363,244</u>

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Police Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$5,200,136	\$5,200,136	\$5,188,777	(\$11,359)
Charges for Services	91,265	91,265	100,981	9,716
Fines and Forfeitures	3,250	3,250	3,245	(5)
Intergovernmental	747,336	747,336	864,633	117,297
Other	6,318	6,318	32,838	26,520
<i>Total receipts</i>	<u>6,048,305</u>	<u>6,048,305</u>	<u>6,190,474</u>	<u>142,169</u>
Disbursements				
Current:				
Public Safety	5,007,712	5,050,455	4,410,814	639,641
Capital Outlay	235,347	261,710	255,803	5,907
<i>Total Disbursements</i>	<u>5,243,059</u>	<u>5,312,165</u>	<u>4,666,617</u>	<u>645,548</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>805,246</u>	<u>736,140</u>	<u>1,523,857</u>	<u>787,717</u>
Other Financing Sources (Uses)				
Transfers Out	(620,000)	(460,000)	(460,000)	0
Advances Out		(230,894)	(230,894)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(620,000)</u>	<u>(690,894)</u>	<u>(690,894)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	185,246	45,246	832,963	787,717
<i>Fund Balance Beginning of Year</i>	341,907	341,907	341,907	0
Prior Year Encumbrances Appropriated	1,360	1,360	1,360	0
<i>Fund Balance End of Year</i>	<u>\$528,513</u>	<u>\$388,513</u>	<u>\$1,176,230</u>	<u>\$787,717</u>

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Fund Net Assets - Modified Cash Basis
Internal Service Fund
December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$134,350
<i>Total Assets</i>	<u>\$134,350</u>
Net Assets	
Unrestricted	\$134,350
<i>Total Net Assets</i>	<u>\$134,350</u>

See accompanying notes to the basic financial statements

Jackson Township, Stark County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Internal Service Fund
For the Year Ended December 31, 2006*

	Governmental Activities
	Internal Service
Operating Receipts	
Charges for Services	\$1,652,796
Operating Disbursements	
Administrative Fees	197,171
Claims	1,725,959
<i>Total Operating Disbursements</i>	1,923,130
<i>Operating Income (Loss)</i>	(270,334)
<i>Income (Loss) before Transfers</i>	(270,334)
Transfers In	3,722
<i>Change in Net Assets</i>	(266,612)
<i>Net Assets Beginning of Year</i>	400,962
<i>Net Assets End of Year</i>	\$134,350

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Net Assets - Modified Cash Basis
December 31, 2005

	<u>Primary Government</u>	
	Governmental Activities	Component Unit
Assets		
Equity in Pooled Cash and Cash Equivalents	\$9,062,856	\$10,192
Accounts Receivable		494
<i>Total Assets</i>	<u>9,062,856</u>	<u>10,686</u>
 Net Assets		
Restricted for:		
Capital Projects	\$3,583,106	
Other Purposes	3,337,912	
Unrestricted	2,141,838	\$10,686
<i>Total Net Assets</i>	<u>\$9,062,856</u>	<u>\$10,686</u>

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$4,146,412	\$2,389,032		
Public Safety	11,330,528	717,155	118,125	60,813
Public Works	2,944,372	116,008	310,704	101,050
Health	276,025			
Conservation-Recreation	587,629	53,682	5,520	6,195
Capital Outlay	2,011,629			
<i>Total Governmental Activities</i>	21,296,595	3,275,877	434,349	168,058
<i>Total Primary Government</i>	<u>\$21,296,595</u>	<u>\$3,275,877</u>	<u>\$434,349</u>	<u>\$168,058</u>
Component Unit	\$123,718	\$50,989	\$52,547	

General Receipts

Property Taxes Levied for:

General Purposes

Police

Fire

Road and Bridge

Other Taxes

Grants and Entitlements not Restricted to Specific Programs

Interest

Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Primary Government</u>	
<u>Governmental</u>	<u>Component</u>
<u>Activities</u>	<u>Unit</u>
(\$1,757,380)	
(10,434,435)	
(2,416,610)	
(276,025)	
(522,232)	
<u>(2,011,629)</u>	
(17,418,311)	
<u>(17,418,311)</u>	
	(\$20,182)
337,284	
3,295,165	
5,784,691	
3,149,416	
458,871	
3,643,997	
256,475	
45,674	
<u>16,971,573</u>	0
(446,738)	(20,182)
<u>9,509,594</u>	<u>30,868</u>
<u><u>\$9,062,856</u></u>	<u><u>\$10,686</u></u>

Jackson Township, Stark County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Road and Bridge	Police	Fire	General Capital	Highway Capital	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$1,740,875	\$325,639	\$343,267	\$1,007,634	\$1,091,885	\$1,856,610	\$2,295,984	\$8,661,894
Fund Balances								
Reserved:	87,139	76,804	1,360	48,105		271,509	78,007	562,924
Reserved for Encumbrances								
Unreserved:								
Designated for:								
Acquisition of ambulance and fire trucks							505,716	505,716
Park improvements and equipment							111,814	111,814
Road and streets						1,585,101	91,885	1,585,101
Property purchase					1,091,885		586,950	1,183,770
Severance payouts							368,878	368,878
Budget stabilization								
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	1,653,737							1,653,737
Special Revenue Funds		248,836	341,907	590,650			921,611	2,103,004
Total Fund Balances	<u>\$1,740,876</u>	<u>\$325,640</u>	<u>\$343,267</u>	<u>\$1,007,633</u>	<u>\$1,091,885</u>	<u>\$1,856,610</u>	<u>\$2,295,983</u>	<u>\$8,661,894</u>

Governmental activities net assets include the internal service fund's cash and cash equivalents. The proprietary fund's statements include these assets

400,962

\$9,062,856

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2005

	General	Road and Bridge	Police	Fire	General Capital	Highway Capital	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$688,557	\$1,884,002	\$3,295,165	\$5,784,691			\$1,373,011	\$13,025,426
Charges for Services	228,806	1,346	91,036				669,006	990,194
Licenses, Permits and Fees		336		945			171,037	172,318
Fines and Forfeitures	43,545		4,252				38,066	85,863
Intergovernmental	2,081,652	251,086	472,948	851,367			557,579	4,214,632
Special Assessments							90,510	90,510
Interest	256,475						3,265	259,740
Other	21,173	20,132	9,393	23,206			63,148	137,052
<i>Total Receipts</i>	<u>3,320,208</u>	<u>2,156,902</u>	<u>3,872,794</u>	<u>6,660,209</u>	<u>\$0</u>	<u>\$0</u>	<u>2,965,622</u>	<u>18,975,735</u>
Disbursements								
Current:								
General Government	1,848,381						334,219	2,182,600
Public Safety	71,483		3,906,198	6,857,308			495,540	11,330,529
Public Works	34,536	2,300,954					608,882	2,944,372
Health	276,025							276,025
Conservation-Recreation							587,629	587,629
Capital Outlay	35,349	215,231	1,503	5,200	202,146	771,205	780,995	2,011,629
<i>Total Disbursements</i>	<u>2,265,774</u>	<u>2,516,185</u>	<u>3,907,701</u>	<u>6,862,508</u>	<u>202,146</u>	<u>771,205</u>	<u>2,807,265</u>	<u>19,332,784</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,054,434</u>	<u>(359,283)</u>	<u>(34,907)</u>	<u>(202,299)</u>	<u>(202,146)</u>	<u>(771,205)</u>	<u>158,357</u>	<u>(357,049)</u>
Other Financing Sources (Uses)								
Sale of Capital Assets		12,000	4,691	1,600			1,000	19,291
Transfers In						1,416,475	632,267	2,048,742
Transfers Out	(534,352)	(178,000)	(14,843)				(1,326,475)	(2,053,670)
Advances In			230,894					230,894
Advances Out	(230,894)							(230,894)
<i>Total Other Financing Sources (Uses)</i>	<u>(765,246)</u>	<u>(166,000)</u>	<u>220,742</u>	<u>1,600</u>	<u>0</u>	<u>1,416,475</u>	<u>(693,208)</u>	<u>14,363</u>
<i>Net Change in Fund Balances</i>	<u>289,188</u>	<u>(525,283)</u>	<u>185,835</u>	<u>(200,699)</u>	<u>(202,146)</u>	<u>645,270</u>	<u>(534,851)</u>	<u>(342,686)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,451,688</u>	<u>850,923</u>	<u>157,432</u>	<u>1,208,332</u>	<u>1,294,031</u>	<u>1,211,340</u>	<u>2,830,834</u>	<u>9,004,580</u>
<i>Fund Balances End of Year</i>	<u>\$1,740,876</u>	<u>\$325,640</u>	<u>\$343,267</u>	<u>\$1,007,633</u>	<u>\$1,091,885</u>	<u>\$1,856,610</u>	<u>\$2,295,983</u>	<u>\$8,661,894</u>

Net Change in Fund Balances Governmental Funds (\$342,686)

Internal Service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund receipts (disbursements). (104,052)

Change in net assets of (\$446,738)

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$696,350	\$696,350	\$688,557	(\$7,793)
Charges for Services	212,300	212,300	228,806	16,506
Fines and Forfeitures	47,000	47,000	43,545	(3,455)
Intergovernmental	1,502,117	2,059,961	2,081,652	21,691
Interest	126,214	126,214	256,475	130,261
Other	57,500	57,500	21,173	(36,327)
<i>Total receipts</i>	<u>2,641,481</u>	<u>3,199,325</u>	<u>3,320,208</u>	<u>120,883</u>
Disbursements				
Current:				
General Government	3,016,778	3,346,828	1,905,371	1,441,457
Public Safety	76,995	90,430	85,983	4,447
Public Works	47,800	47,800	34,536	13,264
Health	272,500	276,025	276,025	0
Capital Outlay	80,786	62,260	50,998	11,262
<i>Total Disbursements</i>	<u>3,494,859</u>	<u>3,823,343</u>	<u>2,352,913</u>	<u>1,470,430</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(853,378)</u>	<u>(624,018)</u>	<u>967,295</u>	<u>1,591,313</u>
Other Financing Sources (Uses)				
Transfers Out	(596,847)	(596,775)	(534,352)	62,423
Advances Out	0	(230,894)	(230,894)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(596,847)</u>	<u>(827,669)</u>	<u>(765,246)</u>	<u>62,423</u>
<i>Net Change in Fund Balance</i>	(1,450,225)	(1,451,687)	202,049	1,653,736
<i>Fund Balance Beginning of Year</i>	1,398,513	1,398,513	1,398,513	0
Prior Year Encumbrances Appropriated	53,174	53,174	53,174	0
<i>Fund Balance End of Year</i>	<u>\$1,462</u>	<u>\$0</u>	<u>\$1,653,736</u>	<u>\$1,653,736</u>

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$1,887,549	\$1,887,549	\$1,884,002	(\$3,547)
Charges for Services			1,346	1,346
Licenses, Permits and Fees	200	200	336	136
Intergovernmental	256,894	260,422	251,086	(9,336)
Other	20,000	20,000	20,132	132
<i>Total receipts</i>	<u>2,164,643</u>	<u>2,168,171</u>	<u>2,156,902</u>	<u>(11,269)</u>
Disbursements				
Current:				
Public Works	2,771,867	2,602,862	2,354,758	248,104
Capital Outlay	225,000	238,231	238,231	0
<i>Total Disbursements</i>	<u>2,996,867</u>	<u>2,841,093</u>	<u>2,592,989</u>	<u>248,104</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(832,224)</u>	<u>(672,922)</u>	<u>(436,087)</u>	<u>236,835</u>
Other Financing Sources (Uses)				
Sale of Capital Assets			12,000	12,000
Transfers Out		(178,000)	(178,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(178,000)</u>	<u>(166,000)</u>	<u>12,000</u>
<i>Net Change in Fund Balance</i>	(832,224)	(850,922)	(602,087)	248,835
<i>Fund Balance Beginning of Year</i>	492,364	492,364	492,364	0
Prior Year Encumbrances Appropriated	358,558	358,558	358,558	0
<i>Fund Balance End of Year</i>	<u>\$18,698</u>	<u>\$0</u>	<u>\$248,835</u>	<u>\$248,835</u>

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Police Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$3,283,596	\$3,283,596	\$3,295,165	\$11,569
Charges for Services	79,000	79,000	91,036	12,036
Fines and Forfeitures	2,500	2,500	4,252	1,752
Intergovernmental	491,358	494,276	472,948	(21,328)
Other	10,500	10,500	9,393	(1,107)
<i>Total receipts</i>	<u>3,866,954</u>	<u>3,869,872</u>	<u>3,872,794</u>	<u>2,922</u>
Disbursements				
Current:				
Public Safety	3,985,252	4,231,855	3,907,558	324,297
Capital Outlay	14,500	11,500	1,503	9,997
<i>Total Disbursements</i>	<u>3,999,752</u>	<u>4,243,355</u>	<u>3,909,061</u>	<u>334,294</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(132,798)</u>	<u>(373,483)</u>	<u>(36,267)</u>	<u>337,216</u>
Other Financing Sources (Uses)				
Sale of Capital Assets			4,691	4,691
Transfers Out		(14,843)	(14,843)	0
Advances In	205,663	230,894	230,894	0
<i>Total Other Financing Sources (Uses)</i>	<u>205,663</u>	<u>216,051</u>	<u>220,742</u>	<u>4,691</u>
<i>Net Change in Fund Balance</i>	72,865	(157,432)	184,475	341,907
<i>Fund Balance Beginning of Year</i>	157,432	157,432	157,432	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$230,297</u>	<u>\$0</u>	<u>\$341,907</u>	<u>\$341,907</u>

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$5,795,576	\$5,795,576	\$5,784,691	(\$10,885)
Licenses, Permits and Fees	1,000	1,000	945	(55)
Intergovernmental	872,571	872,571	851,367	(21,204)
Other	7,000	7,000	23,206	16,206
<i>Total receipts</i>	<u>6,676,147</u>	<u>6,676,147</u>	<u>6,660,209</u>	<u>(15,938)</u>
Disbursements				
Current:				
Public Safety	7,179,960	7,392,763	6,895,527	497,236
Capital Outlay	8,000	20,600	15,086	5,514
<i>Total Disbursements</i>	<u>7,187,960</u>	<u>7,413,363</u>	<u>6,910,613</u>	<u>502,750</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(511,813)</u>	<u>(737,216)</u>	<u>(250,404)</u>	<u>486,812</u>
Other Financing Sources (Uses)				
Sale of Capital Assets			1,600	1,600
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>1,600</u>	<u>1,600</u>
<i>Net Change in Fund Balance</i>	(511,813)	(737,216)	(248,804)	488,412
<i>Fund Balance Beginning of Year</i>	1,139,360	1,139,360	1,139,360	0
Prior Year Encumbrances Appropriated	68,973	68,973	68,973	0
<i>Fund Balance End of Year</i>	<u>\$696,520</u>	<u>\$471,117</u>	<u>\$959,529</u>	<u>\$488,412</u>

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Statement of Fund Net Assets - Modified Cash Basis
Internal Service Fund
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$400,962</u>
<i>Total Assets</i>	<u><u>\$400,962</u></u>
Net Assets	
Unrestricted	<u>\$400,962</u>
<i>Total Net Assets</i>	<u><u>\$400,962</u></u>

See accompanying notes to the basic financial statements

Jackson Township, Stark County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Internal Service Fund
For the Year Ended December 31, 2005*

	Governmental Activities
	Internal Service
Operating Receipts	
Charges for Services	\$1,854,830
Operating Disbursements	
Administrative Fees	233,388
Claims	1,730,422
<i>Total Operating Disbursements</i>	1,963,810
<i>Operating Income (Loss)</i>	(108,980)
<i>Income (Loss) before Transfers</i>	(108,980)
Transfers In	4,928
<i>Change in Net Assets</i>	(104,052)
<i>Net Assets Beginning of Year</i>	505,014
<i>Net Assets End of Year</i>	\$400,962

See accompanying notes to the basic financial statements

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 1 – Reporting Entity

Jackson Township, Stark County, Ohio (the Township), is a body politic and corporate established in 1815 to exercise 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government and a component unit that was included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, park operations, and fire and police service.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

The Jackson Township Community Improvement Corporation (CIC) is a not-for-profit corporation created under Chapter 1724 of the Ohio Revised Code. The purpose of the CIC is to advance, encourage and promote industrial, economic, commercial and civic development of the Township. The Township appoints four of the nine CIC Board of Trustee members and presently, a majority of the CIC funding is received from the Township. The CIC is a component unit of the Township, as the Township is financially accountable for the CIC under the criteria of Governmental Accounting Standards Board Statement No. 14. The Township will report the financial status of the Community Improvement Corporation as a discretely presented component unit in its basic financial statements. Separately issued financial statements can be obtained from the CIC, 5735 Wales Avenue NW, Massillon, Ohio 44646.

C. Joint Ventures and Jointly Governed Organizations

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Joint Venture

The Township participates in the Local Organized Governments in Cooperation (LOGIC), a statutorily created political subdivision of the State formed in 1986 under Chapter 167 of the Ohio Revised Code to provide safety dispatching services. LOGIC is a joint venture among the Township, the City of Massillon, the City of Canal Fulton, and the Village of Hills and Dales, with each participant providing one representative. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding, and each participant is entitled to vote its percentage share. The board has total authority over the operation of LOGIC, including budgeting, appropriation, contracting, and designating management. Continued existence of LOGIC is dependent on the Township's continued participation. LOGIC does not provide specific financial benefits or impose specific financial burdens on the Township. During 2006 and 2005, the Township made contributions of \$394,465 and \$483,350, respectively, but does not have an equity interest in LOGIC. Financial statements of LOGIC may be obtained from Local Organized Governments in Cooperation, 2601 Cleveland Avenue N.W., Canton, Ohio, 44709.

Jointly Governed Organizations

The Township participates in the Stark Council of Governments (the SCOG), which is established by its member political subdivisions as a regional council under Chapter 167 of the Ohio Revised Code for the purpose of providing a permanent forum for discussion and study of concerns of the county, cities, villages, and townships for development of policies and programs for implementation by one or more of the local governing bodies. The SCOG operates under the direction of a nine member Executive Committee, which is elected by the General Membership of the SCOG. The General Membership consists of one representative designated by each political subdivision. The SCOG's current functions include but are not limited to the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. Continued existence of the Council is not dependent on the Township's continued participation. The Council does not provide specific financial benefits or impose specific financial burdens on the Township. The Township did not make any contributions during the year and does not have an equity interest in the council. Financial statements of the Council can be obtained from the Stark Council of Governments, 5320 Bridgecreek Avenue N.W., Canton, Ohio, 44718.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements usually distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

The statement of net assets presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and proprietary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township has the following major governmental funds:

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

General Fund – This fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Road & Bridge Fund – This fund receives tax levy money for the purpose of providing and maintaining roads, ditches, and bridges, related apparatus, appliances, buildings, or the payment of highway laborers.

Police District Fund – This fund receives tax levy money for the purpose of providing and maintaining police apparatus, equipment, or payment of permanent, part-time police officers.

Fire District Fund – This fund receives tax levy money for the purpose of providing and maintaining fire apparatus, appliances, buildings, sources of water supply and materials, or the payment of permanent, part-time, or volunteer firemen or to provide ambulance or emergency medical services.

General Capital Projects Reserve Fund (2005 major fund) - This fund received transfers from the general fund for the purpose of construction, renovation, and land purchases.

Highway Capital Projects Reserve Fund – This fund received transfers from various other funds for the purpose of construction and/or performance of engineering services for various road improvement projects.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Township classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Township has no enterprise funds.

Internal Service Fund - Internal service funds account for services provided by one department of the Township to another on a cost-reimbursement basis. The Township's internal service fund accounts for a self-insurance program for employee health, vision, prescription drug and dental benefits.

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund level for 2006 and 2005.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. 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 negative receipts (contra revenue), respectively.

During 2006 and 2005, the Township invested in nonnegotiable certificates of deposit, repurchase agreements (overnight sweep), Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, STAR Ohio and a money market fund.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost. The nonnegotiable certificates of deposit are reported at cost.

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31.

Interest earnings are allocated to Township funds according to State statutes or grant requirements. Interest receipts credited to the General Fund during 2006 was \$475,650 which includes \$431,102 assigned from other Township funds. Interest receipts credited to the General Fund during 2005 was \$256,475 which includes \$232,454 assigned from other Township funds.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township has no outstanding debt.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for fire, police, and highway services.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances. Designations of fund balance represent tentative management plans that are subject to change. These designations include reservations of fund equity for acquisition of ambulances, fire trucks, police cruisers, park improvements and equipment, and road projects, along with severance payouts and budget stabilization.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

In 2004 the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2006 and 2005 the Township has implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Road and Bridge Fund, Police Fund, and Fire Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$49,390 in 2006 and \$87,139 in 2005 for the General Fund; \$165,826 in 2006 and \$76,804 in 2005 for the Road and Bridge Fund; \$20,303 in 2006 and \$1,360 in 2005 for the Police Fund; and \$26,801 in 2006 and \$48,105 in 2005 for the Fire Fund.

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

On December 31, 2006, the Township had \$60 in undeposited cash on hand due to a customer's non-sufficient funds check returned, which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Deposits

The Township's policy for custodial risk contains the requirements of the Ohio Revised Code. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. On December 31, 2006, \$194,855 of the Township's bank balance of \$394,855 and on December 31, 2005, \$618,859 of the Township's bank balance of \$718,859 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Investments

As of December 31, 2006, the Township had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 - 2</u>	<u>3 or more</u>
Federal Home Loan Bank Notes	\$2,229,837	\$747,342	\$1,482,495	\$0
Federal Home Loan Mortgage Corporation Notes	5,217,003	4,220,368	496,635	500,000
Federal National Mortgage Association Notes	2,711,781	728,626	1,983,155	0
Money Market	1,172,121	1,172,121	0	0
Repurchase Agreement	60,000	60,000	0	0
STAR Ohio	<u>310,704</u>	<u>310,704</u>	<u>0</u>	<u>0</u>
Total Investments	<u>\$11,701,446</u>	<u>\$7,239,161</u>	<u>\$3,962,285</u>	<u>\$500,000</u>

As of December 31, 2005, the Township had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 - 2</u>	<u>3 or more</u>
Federal Home Loan Bank Notes	\$1,044,609	\$544,609	\$500,000	\$0
Federal Home Loan Mortgage Corporation Notes	5,420,935	1,697,677	3,723,258	0
Federal National Mortgage Association Notes	1,706,088	1,456,088	250,000	0
Money Market	35,548	35,548	0	0
Repurchase Agreements	345,000	345,000	0	0
STAR Ohio	<u>5,240</u>	<u>5,240</u>	<u>0</u>	<u>0</u>
Total Investments	<u>\$8,557,420</u>	<u>\$4,084,162</u>	<u>\$4,473,258</u>	<u>\$0</u>

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The Federal National Mortgage Association Notes carry a rating of AAA by Fitch. The Federal Home Loan Bank Notes carry a rating of AAA by Standard and Poor's. The Federal Home Loan Mortgage Corporation Notes carry a AAA rating by Standard and Poor's. The Money Market Fund is made up of all Government issues (Treasuries or U.S. Government Agencies) that carry a rating of AAA by Standard and Poor's and STAR Ohio carries a rating of AAAm by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in each year represent the collection of prior year taxes. Real property taxes received in each year were levied after October 1 of the prior year, on the assessed values as of January 1, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in each year represent the collection of prior year taxes. Public utility real and tangible personal property taxes received in each year became a lien on December 31 of the prior year, were levied after October 1 of the prior year and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in each year (other than public utility property) represent the collection of current year taxes. Tangible personal property taxes received in each year were levied after October 1 of the prior year on the true value as of December 31 of the prior year. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

The full tax rate for all Township operations for the year ended December 31, 2006, was \$15.10 per \$1,000 of assessed value and \$15.75 per \$1,000 of assessed value for the year ended December 31, 2005. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

	<u>2006</u>	<u>2005</u>
<u>Real Property</u>		
Residential	\$ 803,830,910	\$ 771,506,380
Agriculture	11,476,620	11,710,230
Commercial/Industrial/Mineral	330,077,030	312,995,960
<u>Public Utility Property</u>		
Real	33,940	33,150
Personal	39,082,530	38,673,870
<u>Tangible Personal Property</u>		
Total Assessed Value	\$ 1,257,796,188	\$ 1,228,451,403

Note 7 – Risk Management

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

A. Property and Casualty Coverage

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 Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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, including loss adjustment expenses. 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 OTARMA'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 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

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.

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Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 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, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589 and for 2006 was \$1,901,127.

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 Township.

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, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained Earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>
 <u>Property Coverage</u>	 <u>2006</u>	 <u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained Earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, 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 \$291,448. 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.

Jackson Township, Stark County
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For the Years Ended December 31, 2006 and 2005

Township Contributions to OTARMA

2004	\$132,801
2005	141,638
2006	145,724

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must 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 was incurred or reported prior to the withdrawal.

B. Workers' Compensation

For fiscal years 2006 and 2005, the Township participated in the Ohio Township Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of GRP is to achieve the benefit of a reduced premium for the Township by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Townships is calculated as one experience and a common premium rate is applied to all Townships in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to Townships that can meet the GRP's selection criteria. The firm of Frank Gates Company provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

The Township is partially self insured for employee health insurance. The Self Insurance Fund pays covered claims to service providers and recovers these costs from charges to other funds based on an actuarial method or historical cost information and adjusted over a reasonable period of time so the internal service fund receipts and disbursements are approximately equal. Members of the plan are required to remit, through payroll deduction, 50 percent of the excess monthly amount over an annually agreed upon base amount.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

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For the Years Ended December 31, 2006 and 2005

3. The Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member Directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.0 percent. The Township's contribution rate for pension benefits for 2006 was 13.70 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.0 percent. The Township's contribution rate for pension benefits for 2005 was 13.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 16.70 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$660,405, \$622,838, and \$639,411 respectively. The full amount has been contributed for 2006, 2005 and 2004.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to OP&F were \$912,631 for the year ended December 31, 2006, \$870,437 for the year ended December 31, 2005 and \$824,718 for the year ended December 31, 2004. The full amount has been contributed for 2006, 2005 and 2004.

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 432125-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. State employers contributed at a rate of 13.54 percent in 2006 and 13.31 percent in 2005 of covered payroll, local government employer units contributed at 13.7 percent in 2006 and 13.55 percent in 2005 of covered payroll, and public safety and law enforcement employer units contributed at 16.93 percent in 2006 and 16.70 percent in 2005. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units, and 18.1 percent of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The employer contribution allocated to the health care plan was 4.5 percent in 2006 and 4.0 percent in 2005 of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The rates stated above, are the actuarially determined contribution requirements for OPERS. The Township's actual contributions for 2006 and 2005 that were used to fund post-employment benefits were \$216,921 and \$183,648, respectively.

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For the Years Ended December 31, 2006 and 2005

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides that health care cost paid from funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll.

The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to offer health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.75 percent of covered payroll in 2005 and 2006. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The number of participants eligible to receive health care benefits as of December 31, 2005, the date of the last actuarial valuation available, are 13,922 for Police and 10,537 for Firefighters. The Township's actual contributions for 2006 and 2005 that were used to fund postemployment benefits were \$294,780 and \$281,151, respectively, for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, the date of the last actuarial valuation available, was \$108,039,449, which was net of member contributions of \$55,271,881.

Jackson Township, Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 10 – Interfund Transfers

During 2006 the following transfers were made:

	Transfers Out	Transfer In			Total
		Highway Capital Fund	Other Governmental Funds	Internal Service Fund	
General Fund	\$785,732		\$782,010	\$3,722	\$785,732
Police Fund	460,000		460,000		460,000
Other Governmental Funds	<u>1,350,000</u>	<u>\$1,350,000</u>			<u>1,350,000</u>
	<u>\$2,595,732</u>	<u>\$1,350,000</u>	<u>\$1,242,010</u>	<u>\$3,722</u>	<u>\$2,595,732</u>

During 2005 the following transfers were made:

	Transfers Out	Transfer In			Total
		Highway Capital Fund	Other Governmental Funds	Internal Service Fund	
General Fund	\$534,352		\$529,424	\$4,928	\$534,352
Road & Bridge Fund	178,000	\$90,000	88,000		178,000
Police Fund	14,843		14,843		14,843
Other Governmental Funds	<u>1,326,475</u>	<u>1,326,475</u>			<u>1,326,475</u>
	<u>\$2,053,670</u>	<u>\$1,416,475</u>	<u>\$632,267</u>	<u>\$4,928</u>	<u>\$2,053,670</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or transfers to reserve balance accounts established in accordance with Chapter 5705.13 of the Ohio Revised Code.

Note 11 – Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Mary Taylor, CPA

Auditor of State

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

Jackson Township
Stark County
5735 Wales Avenue NW
Massillon, Ohio 44646

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the discretely presented component unit and the aggregate remaining fund information of Jackson Township, Stark County, Ohio, (the Township) as of and for the year ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 16, 2007 wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. 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 opinions 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 October 16, 2007.

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 October 16, 2007.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 16, 2007



Mary Taylor, CPA
Auditor of State

JACKSON TOWNSHIP

STARK 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 20, 2007**