



**Auditor of State
Betty Montgomery**

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Jackson Township
Champaign County
PO Box 114
Christiansburg, Ohio 45389

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Township, Champaign County, (the Township), as of and for the year ended December 31, 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our 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 aggregate remaining fund information of Jackson Township, Champaign County, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Fire District, and Ambulance District thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 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*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2006, 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 black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 18, 2006

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

This discussion and analysis of the Jackson Township's financial performance provides an overall review of Jackson Township's financial activities for the year ended December 31, 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 Jackson Township's financial performance.

Highlights

Key highlights for 2005 are as follows:

- Net assets of governmental activities increased \$58,821, or 25% percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Gas Fund and Road and Bridge Fund.
- The Township's general receipts are primarily property taxes and local government funding from the State of Ohio. These receipts represent respectively about 57% (percent) of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004 as development within the township has slowed.

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.

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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 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 government activities are listed.

Governmental activities – Most of the Township's basic services are reported here, including police, fire, streets and parks. State 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 governmental.

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 Fund, Gasoline Tax, Road and Bridge, Fire District, and Ambulance District. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2005 on a modified cash basis:

**(Table 1)
Net Assets**

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$297,710
Total Assets	297,710
 Net Assets	
Restricted for Permanent Fund:	
Expendable	99
Non-expendable	19,700
Other Purposes	247,117
Unrestricted	30,794
Total Net assets	\$297,710

As mentioned previously, net assets of governmental activities increased \$58,821 due to increases in cash balance in the Road and Bridge Fund and the Gas Tax Fund. There was also a cap placed on the Health Insurance premiums that will be paid by the Township, which helped to control the rising costs of health insurance premiums paid by the township.

Table 2 reflects the changes in net assets in 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

**(Table 2)
Changes in Net Assets**

	Governmental Activities 2005
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$7,715
Operating Grants and Contributions	106,291
Total Program Receipts	114,006
General Receipts:	
Property and Other Local Taxes	110,231
Gants and Entitlements not Restricted to Specific Programs	16,703
Other Debt Proceeds	18,799
Earnings and Investments	3,051
Miscellaneous	1,886
Total General Receipts	150,670
Total Receipts	264,676
Disbursements:	
General Government	65,894
Public Works	101,425
Public Health Services	14,184
Capital Outlay	24,352
Total Disbursements	205,855
Increase (Decrease) in Net Assets	58,821
Net Assets, December 31, 2004	238,889
Net Assets, December 31, 2005	\$297,710

Program receipts represent only 43 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and fees.

General receipts represent 57 percent of the Township's total receipts, and of this amount, over 73 percent are local taxes. State and federal grants and entitlements make up 11 percent of the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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 the clerk, council, the auditor and treasurer fees and contract services.

Public Health Services is for the County health department; Public Works includes the cost of road maintenance and Capital Outlay includes the costs for repaving.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Governmental Activities

If one looks at the Statement of Activities, one 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 transportation (Public Works) which account for \$101,425 and is 49 percent of all governmental disbursements. General government also represents a significant cost, about 32 percent. The next two columns of the Statement entitled Program 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	Net Cost
	Of Services	of Services
	2005	2005
General Government	65,894	(65,894)
Public Works	101,425	12,581
Health	14,184	(14,184)
Capital Outlay	24,352	(24,352)
Total Expenses	205,855	(91,849)

The dependence upon property tax receipts is apparent as over 54 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$264,676 and disbursements of \$205,854. The greatest change within governmental funds occurred within the Gasoline Tax Fund and Road and Bridge Fund. The fund balance of the General Fund decreased \$1,187 as the result of increased costs for salaries and benefits and not achieving anticipated growth in income and property tax receipts.

General Fund receipts were less than disbursements by \$1,187 indicating that the General Fund is in a deficit spending situation.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

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. One of the most significant budgeted funds is the General Fund.

During 2005, the Township amended its General Fund budget one time to reflect changing circumstances. Final budgeted receipts were \$7,125 below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was insignificant.

Final disbursements were budgeted at \$75,594 while actual disbursements were \$41,462. Receipts failed to live up to expectations and appropriations were reduced. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the decrease in fund balance of approximately \$1,200 for 2005.

Debt Administration

Debt

At December 31, 2005, the Township's outstanding debt included \$65,083 in an interest free loan from The Ohio Public Works' Commission for the Thackery Storm Sewers and Creek Road re-pavement. The loan is for twenty years payable to the State of Ohio.

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. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts very little increase in revenues for the years 2006 and 2007. The township relies heavily on the gasoline tax fund to pay for trustees' salaries and to provide funds to repair the roads. Currently, the trustees are doing about 90 % of the general repairs to the roads and 100 % of snow removal with the township snow plows. Also, the Township Trustees are doing the mowing of the roadsides throughout the spring and summer months. The Township Trustees are planning on spending approximately \$100,000 on resurfacing the township roads, with chip and sealant provided by the Champaign County Engineer's Department in the spring months of 2006.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of Jackson 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 David J. Peirson, Jackson Township Fiscal Officer Box 114 Christiansburg, Ohio 45389.

JACKSON TOWNSHIP
CHAMPAIGN COUNTY

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	297,710
Total Assets	<u>297,710</u>
Net Assets	
Restricted for:	
Permanent Fund:	
Expendable	99
Nonexpendable	19,700
Other Purposes	247,117
Unrestricted	30,794
Total Net Assets	<u>297,710</u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	General	Gasoline Tax	Road and Bridge
Assets			
Equity in Pooled Cash and Cash Equivalents	\$30,794	\$56,050	\$35,799
Total Assets	30,794	56,050	35,799
Fund Balances			
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	30,794		
Special Revenue Funds		56,050	35,799
Total Fund Balances	\$30,794	\$56,050	\$35,799

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2005**

	<u>Fire District</u>	<u>Ambulance District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$74,156	24,131	76,780	297,710
Total Assets	<u>74,156</u>	<u>24,131</u>	<u>76,780</u>	<u>297,710</u>
Fund Balances				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund				30,794
Special Revenue Funds	74,156	24,131	56,981	247,117
Total Fund Balances	<u>\$74,156</u>	<u>24,131</u>	<u>76,780</u>	<u>297,710</u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED-CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Ambulance District</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts							
Property and Other Local Taxes	\$11,343		\$34,874	\$23,288	\$11,603	\$28,287	\$109,395
Licenses, Permits and Fees	7,715						7,715
Intergovernmental	18,132	\$80,691	4,521	2,965	1,483	15,202	122,994
Special Assessments						836	836
Earnings on Investments	1,955	510				586	3,051
Miscellaneous	1,130	13	153	252	85	253	1,886
Total Receipts	<u>40,275</u>	<u>81,214</u>	<u>39,548</u>	<u>26,505</u>	<u>13,171</u>	<u>45,164</u>	<u>245,877</u>
Disbursements							
Current:							
General Government	26,857			27,525	10,245	1,268	65,895
Public Works	450	69,414	21,983			9,577	101,424
Health	13,531					653	14,184
Capital Outlay	624	929				22,799	24,352
Total Disbursements	<u>41,462</u>	<u>70,343</u>	<u>21,983</u>	<u>27,525</u>	<u>10,245</u>	<u>34,297</u>	<u>205,855</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,187)</u>	<u>10,871</u>	<u>17,565</u>	<u>(1,020)</u>	<u>2,926</u>	<u>10,867</u>	<u>40,022</u>
Other Financing Sources (Uses)							
Other Debt Proceeds						18,799	18,799
Total Other Financing Sources (Uses)						<u>18,799</u>	<u>18,799</u>
Net Change in Fund Balances	(1,187)	10,871	17,565	(1,020)	2,926	29,666	58,821
Fund Balances Beginning of Year	31,981	45,179	18,234	75,176	21,205	47,114	238,889
Fund Balances End of Year	<u>\$30,794</u>	<u>\$56,050</u>	<u>\$35,799</u>	<u>\$74,156</u>	<u>\$24,131</u>	<u>\$76,780</u>	<u>\$297,710</u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$11,700	\$11,267	\$11,343	\$76
Licenses, Permits and Fees	11,800	6,749	7,715	966
Intergovernmental	19,735	18,094	18,132	38
Earnings on Investments	1,700	1,700	1,955	255
Miscellaneous	1,000	1,000	1,130	130
Total receipts	<u>45,935</u>	<u>38,810</u>	<u>40,275</u>	<u>1,465</u>
Disbursements				
Current:				
General Government	43,719	43,719	26,857	16,862
Public Works	18,000	10,875	450	10,425
Health	20,000	20,000	13,531	6,469
Capital Outlay	1,000	1,000	624	376
Total Disbursements	<u>82,719</u>	<u>75,594</u>	<u>41,462</u>	<u>34,132</u>
Excess of Receipts Over (Under) Disbursements	<u>(36,784)</u>	<u>(36,784)</u>	<u>(1,187)</u>	<u>35,597</u>
Net Change in Fund Balance	(36,784)	(36,784)	(1,187)	35,597
Fund Balance Beginning of Year	<u>31,981</u>	<u>31,981</u>	<u>31,981</u>	
Fund Balance End of Year	<u><u>(\$4,803)</u></u>	<u><u>(\$4,803)</u></u>	<u><u>\$30,794</u></u>	<u><u>\$35,597</u></u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$57,000	\$57,000	\$80,691	\$23,691
Earnings on Investments	303	303	510	207
Miscellaneous			13	13
Total receipts	<u>57,303</u>	<u>57,303</u>	<u>81,214</u>	<u>23,911</u>
Disbursements				
Current:				
Public Works	96,500	96,500	69,414	27,086
Capital Outlay	982	982	929	53
Debt Service:				
Principal Retirement	5,000	5,000		5,000
Total Disbursements	<u>102,482</u>	<u>102,482</u>	<u>70,343</u>	<u>32,139</u>
Excess of Receipts Over (Under) Disbursements	<u>(45,179)</u>	<u>(45,179)</u>	<u>10,871</u>	<u>56,050</u>
Net Change in Fund Balance	(45,179)	(45,179)	10,871	56,050
Fund Balance Beginning of Year	<u>45,179</u>	<u>45,179</u>	<u>45,179</u>	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$56,050</u>	<u>\$56,050</u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$32,608	\$32,608	\$34,874	\$2,266
Intergovernmental	4,293	4,293	4,521	228
Miscellaneous			153	153
Total receipts	<u>36,901</u>	<u>36,901</u>	<u>39,548</u>	<u>2,647</u>
Disbursements				
Current:				
Public Works	52,127	52,127	21,983	30,144
Capital Outlay	1,000	1,000		1,000
Total Disbursements	<u>53,127</u>	<u>53,127</u>	<u>21,983</u>	<u>31,144</u>
Excess of Receipts Over (Under) Disbursements	<u>(16,227)</u>	<u>(16,227)</u>	<u>17,565</u>	<u>33,792</u>
Net Change in Fund Balance	(16,227)	(16,227)	17,565	33,792
Fund Balance Beginning of Year	<u>18,234</u>	<u>18,234</u>	<u>18,234</u>	
Fund Balance End of Year	<u><u>\$2,007</u></u>	<u><u>\$2,007</u></u>	<u><u>\$35,799</u></u>	<u><u>\$33,792</u></u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$23,100	\$23,100	\$23,288	\$188
Intergovernmental	1,500	1,500	2,965	1,465
Miscellaneous			252	252
Total receipts	<u>24,600</u>	<u>24,600</u>	<u>26,505</u>	<u>1,905</u>
Disbursements				
Current:				
General Government	98,453	98,453	27,525	70,928
Total Disbursements	<u>98,453</u>	<u>98,453</u>	<u>27,525</u>	<u>70,928</u>
Excess of Receipts Over (Under) Disbursements	<u>(73,853)</u>	<u>(73,853)</u>	<u>(1,020)</u>	<u>72,833</u>
Net Change in Fund Balance	(73,853)	(73,853)	(1,020)	72,833
Fund Balance Beginning of Year	<u>75,176</u>	<u>75,176</u>	<u>75,176</u>	
Fund Balance End of Year	<u><u>\$1,323</u></u>	<u><u>\$1,323</u></u>	<u><u>\$74,156</u></u>	<u><u>\$72,833</u></u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
AMBULANCE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$11,189	\$11,189	\$11,603	\$414
Intergovernmental	1,111	1,111	1,483	372
Miscellaneous			85	85
Total receipts	<u>12,300</u>	<u>12,300</u>	<u>13,171</u>	<u>871</u>
Disbursements				
Current:				
General Government	32,843	32,843	10,245	22,598
Total Disbursements	<u>32,843</u>	<u>32,843</u>	<u>10,245</u>	<u>22,598</u>
Excess of Receipts Over (Under) Disbursements	<u>(20,543)</u>	<u>(20,543)</u>	<u>2,926</u>	<u>23,469</u>
Net Change in Fund Balance	(20,543)	(20,543)	2,926	23,469
Fund Balance Beginning of Year	<u>21,205</u>	<u>21,205</u>	<u>21,205</u>	
Fund Balance End of Year	<u><u>\$662</u></u>	<u><u>\$662</u></u>	<u><u>\$24,131</u></u>	<u><u>\$23,469</u></u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

1. REPORTING ENTITY

Jackson Township in Champaign County, Ohio is a body politic and corporate established in the early 1800's, 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 Fiscal Officer.

- Jerry Zimmerman, Trustee
- Keith Shaffer, Trustee
- Steve Runkle, Trustee
- David J. Peirson, Fiscal Officer

The reporting entity is comprised of the primary government unit.

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, and cemetery maintenance. The Township contracts with the Christiansburg and the St. Paris Johnson Fire Departments for fire protection. Police protection is provided by the Champaign County Sheriff's Department. The Township contracts with the Christiansburg EMS and the St. Paris Johnson EMS for ambulance services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, 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. 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
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. 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 statements 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. Jackson Township has no business-type activities at this time.

The statement of net assets presents the cash balance, 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 activity is self-financing on a modified cash basis or draws from the Township's general receipts.

2. 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.

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 governmental.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund, and the Ambulance District Fund. The General 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. The Gasoline Tax Fund balance is available to the Township for the purpose of fixing the roads, 90 % of the Trustees salaries and expenses related to employees, and for the Ohio Public Work's Commission Debt. The Road and Bridge Fund balance is available for Contracted Services on road repairs, and for insurances. The Fire District Fund balance is for the contracted services of providing fire protection for the township. The Ambulance District Fund balance is for contracted services for ambulance emergencies in the township.

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

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.

D. Budgetary Process

All funds, except agency 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, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township's 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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2005, the Township invested in nonnegotiable certificates of deposit, and STAR Ohio. The non-negotiable certificates of deposit are reported at cost.

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, 2005.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$1,955.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

I. 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.

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.

3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year 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 non-major funds aggregated and presented in a single column, rather than a column for each fund type. The transition from the regulatory basis of accounting to the modified cash basis of accounting generated the following changes to fund balance/equity as previously reported at December 31, 2004. The calculation of net assets of governmental activities at December 31, 2004 is also presented.

	General	Gasoline Tax	Road and Bridge	Fire District	Ambulance District	Other Governmental	Governmental Activities
Fund Balance December 31, 2004	\$31,981	45,179	18,234	75,176	21,205	47,114	\$238,889
Adjusted Fund Balance December 31, 2004	\$31,981	45,179	18,234	75,176	21,205	47,114	<u>\$238,889</u>
Governmental Activities Net Assets December 31, 2004							<u><u>\$238,889</u></u>

4. ACCOUNTABILITY AND COMPLIANCE

At December 31, 2005, \$128,153 of deposits were not insured or collateralized, contrary to Ohio Rev. Code Section 135.18.

5. 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 Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax, Road and Bridge, Fire District, and Ambulance District are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

6. 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.

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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

Custodial Credit Risk is the risk that in the event of bank failure, the Township may not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$128,153 of the Township's bank balance of \$278,153 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized by the Township's financial institution.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. 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.

B. Investments

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

	<u>Carrying Value</u>
STAR Ohio	<u>\$23,722</u>

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 and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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 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."

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

7. 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 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, 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 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, 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 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. 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.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$ 5.15 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$ 23,576,340
Agriculture	\$ 8,224,050
Commercial/Industrial/Mineral	\$ 401,450
Public Utility Property	38,770
Manufactured Home	\$ 44,740
P U Personal	\$ 1,093,530
Tangible Personal Property	\$ 277,570
Total Assessed Value	<u>\$ 33,656,450</u>

8. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

8. RISK MANAGEMENT (Continued)

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2005 and 2004.

	2005	2004
Assets	\$8,219,430	\$6,685,522
Liabilities	(2,748,639)	(2,227,808)
Members' Equity	\$5,470,791	\$4,457,714

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

9. 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. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is 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.

The combined plan is 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) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans were required to

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

9. DEFINED BENEFIT PENSION PLAN (Continued)

contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contribution for pension obligations to the traditional and combined plans for the year ended December 31, 2005 was \$5,905. The full amount has been contributed for 2005.

10. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$1,743. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

11. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$65,083	0%
Total	\$65,083	

The Ohio Public Works Commission Loan was issued to finance the repair of Thackery Storm Sewers and Creek Road through an Ohio Public Works Commission project. Loan payments will begin on July 1, 2006.

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

	OPWC Loan
Year ending December 31:	
2006	\$1,627
2007	3,254
2008	3,254
2009-2013	16,271
2014-2018	16,271
2019-2023	16,271
2024-2026	8,135
Total	\$65,083

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2005, were an overall debt margin of \$ 3,533,927 and an unvoted debt margin of \$ 1,851,105.

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**Auditor of State
Betty Montgomery**

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

Jackson Township
Champaign County
PO Box 114
Christiansburg, Ohio 45389

To the Board of Trustees:

We have audited the financial statements, the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Township, Champaign County, (the Township), as of and for the year ended December 31, 2005, and have issued our report thereon dated July 18, 2006, wherein we noted the Township revised its financial statements for 2005, making them comparable to the requirements of governmental Auditing Standard Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments*. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated July 18, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the Township's management dated July 18, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

July 18, 2006

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2005-001

Ohio Rev. Code Section 135.18 (specific collateral) directs the treasurer of a subdivision to require the depository with which it deposits funds to provide security equal to the funds on deposit at all times.

The Township's deposits at First Central National Bank were \$128,153 in excess of the amounts covered by Federal Depository Insurance and specific collateral. This amount was 46% of funds on deposit. The Clerk failed to require First Central National Bank to provide specific or pooled collateral as security for this excess.

The Township should implement procedures to monitor compliance with security requirements for its deposits.

Client Response:

The Board of Trustees and Clerk will correct the finding.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-001	Ohio Revised Code 5705.41(D)- Failure to certify the availability of funds prior to purchase commitments.	Yes	



**Auditor of State
Betty Montgomery**

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JACKSON TOWNSHIP

CHAMPAIGN 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
SEPTEMBER 28, 2006**