

**JEFFERSON TOWNSHIP  
ROSS COUNTY, OHIO**

**Audited Financial Statements**

**For the Year Ended December 31, 2005**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Jefferson Township  
P.O. Box 63  
Richmond Dale, Ohio 45673

We have reviewed the *Independent Auditor's Report* of Jefferson Township, Ross County, prepared by Van Krevel & Company, for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 27, 2007

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Jefferson Township  
Ross County, Ohio

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Independent Auditor's Report

Jefferson Township
Ross County
P O Box 63
Richmond Dale, Ohio 45673

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 Jefferson Township, Ross County, Ohio (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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive 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 Jefferson Township, Ross County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Special Levy-Fire, and Miscellaneous Special Revenue funds for the years then ended on the basis of accounting described in Note 2.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Government 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 March 21, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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Jefferson Township  
Ross County  
Independent Auditor's Report  
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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.

*Van Krevel & Company*

Van Krevel & Company  
Dublin, Ohio

March 21, 2007



Jefferson Township  
Ross County, Ohio  
Management's Discussion and Analysis  
December 31, 2005  
(Unaudited)

This discussion and analysis of Jefferson Township's financial performance provides an overall review of the 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 the Township's financial performance.

**Highlights**

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$17,009.96 or 5.5%, not a significant change from the prior year.

The Government's general receipts are primarily property taxes. These receipts represent respectively \$60,305.66 and 17 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004.

The Township had \$345,307.44 in expenses related to governmental activities; \$145,838.21 of these expenses were offset by intergovernmental receipts; \$126,450.00 was offset by a FEMA grant for the purchase of a fire truck.

The Township debt has decreased from \$30,000.00 to \$15,000.00.

A Cemetery Levy was passed in 2004. The increase in funds will be received in 2006.

**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 balance 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.

Jefferson Township  
Ross County, Ohio  
Management's Discussion and Analysis  
December 31, 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 2005, within the limitations of the modified cash basis of 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, increase 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 and income taxes.

In the statement of net assets and the statement of activities, the Township has one type of activity: Governmental activities. Most of the Township's basic services are reported here, including fire, streets and cemeteries. 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.

Jefferson Township  
 Ross County, Ohio  
 Management's Discussion and Analysis  
 December 31, 2005  
 (Unaudited)

**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 purposes. The funds of the Township are contained in one category:

Government Funds - All 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, Gasoline Tax, Fire Special Levy, and Miscellaneous Special Revenue Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity wide statements. The Township has a Cemetery Bequest non-expendable balance of \$1,200.00. This fund was mapped to a permanent fund.

**The Township as a Whole**

Table I provides a summary of the Township's net assets for 2005 compared to 2004 on a modified cash basis:

	<b>Table I</b>	
	<u>Government Activities</u>	
	<u>2005</u>	<u>2004</u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$333,086.12	\$316,076.16
Investments		
Total Assets	<u>\$333,086.12</u>	<u>\$316,076.16</u>
<b>Net Assets:</b>		
Restricted for:	\$	\$
Capital Projects		
Debt Service		
Permanent Fund: For Improvements		
Expendable	422.58	376.63
Non Expendable	1,200.00	1,200.00
Other Purposes	259,414.60	243,138.36
Unrestricted	<u>72,048.94</u>	<u>71,361.17</u>
Total Net Assets	<u>\$333,086.12</u>	<u>\$316,076.16</u>

Jefferson Township  
 Ross County, Ohio  
 Management's Discussion and Analysis  
 December 31, 2005  
 (Unaudited)

**The Township as a Whole** (continued)

As mentioned previously, net assets of Township's activities increased \$17,009.91 or 17 percent during 2005. The primary reasons contributing to the increase in cash balances are as follows:

In 2005, the Township used temporary employment agencies for road and cemetery workers, savings costs of retirement, unemployment, workers compensation and health insurance. This plan worked well for the Township due to a big turnover in employees. This helps account for the increase in assets in 2005.

Table II reflects the changes in net assets on a modified cash basis in 2005 for governmental activities and total primary government.

**Table II**  
**Changes in Net Assets**

	<u>2005</u>
<b>Receipts</b>	
Program Receipts:	
Charges for Services and Sales	4,450
Operating Grants and Contributions	<u>82,040</u>
Total Program Receipts	<u>100,940</u>
General Receipts:	
Property and Other Local Taxes	60,306
Grants and Entitlements Not Restricted to Specific Programs	188,248
Interest	6,783
Miscellaneous	6,141
Total General Receipts	<u>261,378</u>
Total Receipts	<u>362,318</u>
<b>Disbursements</b>	
General Government	73,253
Public Safety	20,323
Public Works	69,037
Health	26,203
Capital Outlay	140,500
Principal Retirement	15,000
Interest and Fiscal Charges	<u>992</u>
Total Disbursements	<u>345,308</u>
Increase (Decrease) in Net Assets	17,010
Net Assets, January 1, 2005	<u>316,076</u>
Net Assets, December 31, 2005	<u>\$333,086</u>

Jefferson Township  
 Ross County, Ohio  
 Management's Discussion and Analysis  
 December 31, 2005  
 (Unaudited)

**The Township as a Whole** (continued)

A comparison between the total cost of services and the net cost is presented in Table III.

**Table III**

<b>Governmental Activities</b>	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>
General Government	\$ 73,253.40	\$ 73,253.40
Public Safety	20,322.80	15,872.80
Public Works	69,036.74	(13,003.04)
Health	26,202.92	11,752.92
Human Services	0.00	0.00
Conservation-Recreation	0.00	0.00
Other	0.00	0.00
Capital Outlay	140,500.00	140,500.00
Debt Service:		
Principal	15,000.00	15,000.00
Interest	<u>991.58</u>	<u>991.58</u>
Total Expenses	<u>\$345,307.44</u>	<u>\$244,367.66</u>

General receipts represent 100 percent of the Township's total receipts, and of this amount, over 23 percent are local taxes. State and Federal grants and entitlements make up the balance of the Township's general receipts (72 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

**The Government's Funds**

Total governmental funds had receipts of \$362,317.40 and disbursements of \$345,307.44

Total receipts were more than disbursements by \$17,009.91.

Jefferson Township  
Ross County, Ohio  
Management's Discussion and Analysis  
December 31, 2005  
(Unaudited)

**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.

Appropriations for all funds for 2005 were \$632,441.58 while actual disbursements were \$345,307.44.

**Capital Assets and Debt Administration**

Capital Assets

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

Debt

At December 31, 2005, the Township's outstanding debt included \$15,000.00 in a general obligation note issued for the purchase of a fire truck.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited funding.

**Contacting the Government'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 Joyce E. Higgins, Fiscal Officer, P.O. Box 63, Richmond Dale, Ohio 45673.

Jefferson Township  
Ross County, Ohio

Statement of Net Assets - Modified Cash Basis  
December 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$333,086</u>
Total Assets	<u>\$333,086</u>
 NET ASSETS	
Restricted:	
Permanent Fund: For Improvements	
Expendable	\$ 422
Nonexpendable	1,200
Other Purposes	259,415
Unrestricted	<u>72,049</u>
Total Net Assets	<u>\$333,086</u>

Jefferson Township  
Ross County, Ohio

Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2005

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges For Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 73,253	\$	\$	\$ (73,253)
Public Safety	20,323	4,450		(15,873)
Public Works	69,037		82,040	13,003
Health	26,203	14,450		(11,753)
Capital Outlay	140,500			(140,500)
Debt Service:				
Principal	15,000			(15,000)
Interest	<u>992</u>	<u>          </u>	<u>          </u>	<u>(992)</u>
Total Governmental Activities	\$345,308	\$18,900	\$82,040	\$(244,368)
General Receipts:				
Property Taxes				\$ 60,306
Grants and Entitlements not Restricted to Specific Programs				188,248
Earnings on Investments				6,783
Miscellaneous				<u>6,041</u>
Total General Receipts				<u>261,378</u>
Changes in Net Assets				17,010
Net Assets-Beginning of the Year				<u>316,076</u>
Net Assets-End of the Year				<u>\$ 333,086</u>



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Jefferson Township  
Ross County, Ohio

Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire Special Levy</u>
Equity in Pooled Cash and Cash Equivalents	\$37,049	\$ 39,019	\$72,055
Investments	<u>35,000</u>	<u>75,000</u>	<u>-</u>
Total Assets	<u>\$72,049</u>	<u>\$114,019</u>	<u>\$72,055</u>
Fund Balances:			
Reserved:			
Reserved for Encumbrances	\$10,064	\$	\$
Unreserved:			
Undesignated, Reported in:			
General Fund	61,985		
Special Revenue Funds		114,019	72,055
Permanent Fund	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>\$72,049</u>	<u>\$114,019</u>	<u>\$72,055</u>

<u>Misc Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$58,763	\$206,886
<u>-</u>	<u>16,200</u>	<u>126,200</u>
<u>\$ -</u>	<u>\$74,963</u>	<u>\$333,086</u>
\$	\$	\$ 10,064
		61,985
	73,340	259,414
<u>-</u>	<u>1,623</u>	<u>1,623</u>
<u>\$ -</u>	<u>\$74,963</u>	<u>\$333,086</u>

Jefferson Township  
Ross County, Ohio

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

	<u>General</u>	Gasoline <u>Tax</u>	Fire Special <u>Levy</u>
Receipts:			
Property and Other Local Taxes	\$15,205	\$	\$10,404
Charges for Services	4,450		
Licenses, Permits and Fees			
Intergovernmental	46,812	77,233	6,122
Earnings on Investments	3,985	2,329	
Miscellaneous	<u>33</u>	<u>          </u>	<u>          </u>
Total Receipts	70,485	79,562	16,526
Disbursements:			
Current:			
General Government	48,559	3,834	17
Public Safety	4,104		16,219
Public Works	8,259	48,558	
Health	13,890		
Capital Outlay			14,050
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges	<u>          </u>	<u>          </u>	<u>          </u>
Total Disbursements	74,812	52,392	30,286
Excess of Receipts Over (Under) Disbursements	(4,327)	27,170	(13,760)
Other Financing Sources (Uses)			
Other Financing Sources	<u>5,015</u>	<u>          </u>	<u>642</u>
Total Other Financing Sources (Uses)	5,015	-	642
Net Change in Fund Balance	688	27,170	(13,118)
Balances, January 1	<u>71,361</u>	<u>86,849</u>	<u>85,173</u>
Fund Balances, December 31	<u>\$72,049</u>	<u>\$114,019</u>	<u>\$72,055</u>

<u>Misc Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$34,697	\$ 60,306
		4,450
	10,650	10,650
126,450	13,671	270,288
	469	6,783
	<u>4,150</u>	<u>4,183</u>
<u>126,450</u>	<u>63,637</u>	<u>356,660</u>
	20,842	73,252
		20,323
	12,221	69,038
	12,313	26,203
126,450		140,500
	15,000	15,000
	<u>991</u>	<u>991</u>
<u>126,450</u>	<u>61,367</u>	<u>345,307</u>
-	2,270	11,353
		<u>5,657</u>
-	-	5,657
-	2,270	17,010
	<u>72,693</u>	<u>316,076</u>
<u>\$ -</u>	<u>\$74,963</u>	<u>\$333,086</u>

Jefferson Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances  
Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 18,683	\$ 18,683	\$ 15,205	\$ (3,478)
Charges for Services	6,400	6,400	4,450	(1,950)
Intergovernmental	41,413	44,650	46,812	2,162
Earnings on Investments	3,900	3,900	3,985	85
Miscellaneous	<u>100</u>	<u>100</u>	<u>33</u>	<u>(67)</u>
Total Receipts	<u>70,496</u>	<u>73,733</u>	<u>70,485</u>	<u>(3,248)</u>
Disbursements:				
Current:				
General Government	82,560	82,560	58,624	23,936
Public Safety	12,000	12,000	4,104	7,896
Public Works	12,840	12,840	8,259	4,581
Health	<u>34,600</u>	<u>34,600</u>	<u>13,890</u>	<u>20,710</u>
Total Disbursements	<u>142,000</u>	<u>142,000</u>	<u>84,877</u>	<u>57,123</u>
Excess of Receipts Over (Under) Disbursements	(71,504)	(68,267)	(14,392)	53,875
Other Financing Sources (Uses)				
Other Financing Sources	<u>5,607</u>	<u>5,607</u>	<u>5,015</u>	<u>(592)</u>
Total Other Financing Sources (Uses)	<u>5,607</u>	<u>5,607</u>	<u>5,015</u>	<u>(592)</u>
Net Change in Fund Balance	(65,897)	(62,660)	(9,377)	53,283
Fund Balances, January 1	<u>71,361</u>	<u>71,361</u>	<u>71,361</u>	
Fund Balances, December 31	<u>\$ 5,464</u>	<u>\$ 8,701</u>	<u>\$ 61,984</u>	<u>\$ 53,283</u>

Jefferson Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances  
Budget and Actual - Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ 55,000	\$ 55,000	\$ 77,233	\$ 22,233
Earnings on Investments	<u>1,600</u>	<u>1,600</u>	<u>2,329</u>	<u>729</u>
Total Receipts	<u>56,600</u>	<u>56,600</u>	<u>79,562</u>	<u>22,962</u>
Disbursements:				
Current:				
General Government	9,000	9,000	3,834	5,166
Public Works	97,000	97,000	48,558	48,442
Capital Outlay	<u>35,000</u>	<u>35,000</u>	<u>          </u>	<u>35,000</u>
Total Disbursements	<u>141,000</u>	<u>141,000</u>	<u>52,392</u>	<u>88,608</u>
Excess of Receipts Over (Under) Disbursements	(84,400)	(84,400)	27,170	111,570
Fund Balances, January 1	<u>86,849</u>	<u>86,849</u>	<u>86,849</u>	<u>          </u>
Fund Balances, December 31	<u>\$ 2,449</u>	<u>\$ 2,449</u>	<u>\$114,019</u>	<u>\$111,570</u>

Jefferson Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances  
Budget and Actual - Budget Basis  
Fire Special Levy  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 17,554	\$ 17,554	\$ 10,404	\$ (7,150)
Intergovernmental	<u>572</u>	<u>572</u>	<u>6,122</u>	<u>5,550</u>
Total Receipts	<u>18,126</u>	<u>18,126</u>	<u>16,526</u>	<u>(1,600)</u>
Disbursements:				
Current:				
General Government	25	25	17	8
Public Safety	49,975	49,975	16,219	33,756
Capital Outlay	<u>50,000</u>	<u>50,000</u>	<u>14,050</u>	<u>35,950</u>
Total Disbursements	<u>100,000</u>	<u>100,000</u>	<u>30,286</u>	<u>69,714</u>
Excess of Receipts Over (Under) Disbursements	(81,874)	(81,874)	(13,760)	68,114
Other Financing Sources (Uses):				
Other Financing Sources	<u>        </u>	<u>        </u>	<u>642</u>	<u>642</u>
Total Other Financing Sources (Uses)	-	-	642	642
Net Change in Fund Balance	(81,874)	(81,874)	(13,118)	68,756
Fund Balances, January 1	<u>85,174</u>	<u>85,174</u>	<u>85,174</u>	<u>        </u>
Fund Balances, December 31	<u>\$ 3,300</u>	<u>\$ 3,300</u>	<u>\$ 72,056</u>	<u>\$ 68,756</u>



Jefferson Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances  
Budget and Actual - Budget Basis  
Miscellaneous Special Revenue  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	<u>\$126,450</u>	<u>\$126,450</u>	<u>\$126,450</u>	\$ -
Total Receipts	<u>126,450</u>	<u>126,450</u>	<u>126,450</u>	-
Disbursements:				
Capital Outlay	<u>126,450</u>	<u>126,450</u>	<u>126,450</u>	-
Total Disbursements	<u>126,450</u>	<u>126,450</u>	<u>126,450</u>	-
Excess of Receipts Over (Under) Disbursements	-	-	-	-
Fund Balances, January 1	-	-	-	-
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 1 REPORTING ENTITY**

Jefferson Township, Ross County, Ohio (the Township) is a body politic and corporate and established in 1801 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 Clerk.

The reporting entity is comprised of the primary government.

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 governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is not financially accountable for any organization.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**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, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions 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.

**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 non exchange transactions. Jefferson Township has no business type activities.

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Government Wide Financial Statements** (continued)

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statements of activities compare 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, grant and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interested earned on grants that are 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.

**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. Non major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**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 and a self balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other non exchange transactions as governmental funds. The Township's major governmental funds are the General, Gasoline Tax, Special Fire Levy and Miscellaneous Special Revenue Funds.

**General 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 the State of Ohio.

**Gasoline Tax Fund**

The Gasoline Tax Fund is used to account for financial resources used to maintain roads, road machinery, vehicles, salaries, insurance, building maintenance, etc.

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fire Special Levy Fund**

The Fire Special Levy Fund is used to account for financial resources used to maintain the Jefferson Township Volunteer Fire and Rescue.

**Miscellaneous Special Revenue Fund**

The Miscellaneous Special Revenue Fund is used to account for FEMA money awarded to and expended by the Township for the purchase of fire equipment.

**Other Funds**

The other governmental funds of the Township account for grants and other resources whose uses are 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 Townships'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 Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimates 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D Budgetary Process** (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 a money market fund. The nonnegotiable certificates of deposit are reported at cost. The Township's money market fund investment is recorded at the amount reported by Oak Hill Bank 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 \$3,985.

**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 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.

**H 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.

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I 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.

**J Accumulated Leave**

No accumulated leave is granted.

**K 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 post retirement health care benefits.

**L 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.

**M 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 or unrestricted net assets are available.

**N 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.

**NOTE 3 CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

For 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 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 non major funds aggregated and presented in a single column rather than a column for each fund type. This implementations did no have any impact on the fund balances of the Township.

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 4 BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis of accounting 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 Balances - Budget and Actual - Budgetary Basis that are presented for the General Fund, Gasoline Tax Fund, Special Levy Fire Fund, and Miscellaneous Special Revenue Fund were prepared on the budgetary basis to provide meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$10,064 for the general fund. There were no outstanding advances at year end.

**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.

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 % and be marked to market daily, and the term of the agreement must not exceed thirty days;

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 5 DEPOSITS AND INVESTMENTS** (continued)

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).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), collateral pledged to the Township by the financial institution or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trust or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had no undeposited cash on hand.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reserve Repurchase Agreements."

Deposits

At year end, the Township maintained deposits at two banks, Citizens National Bank and Oak Hill Banks. The carrying amounts of the Township's deposits at December 31, 2005 were \$106,205 and \$100,681, respectively. The bank balances at December 31, 2005 were \$109,898 and \$100,681, respectively. Of the bank balances, \$200,000 was covered by the Federal Depository Insurance. At Citizens National Bank, all monies up to \$200,000 are protected by a Memorandum of Agreement for Deposit of Public Funds. At Oak Hills Bank, all monies up to \$600,000 are protected by a Memorandum of Agreement for Deposit of Public Funds. Although all State statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

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. At December 31, 2005, \$0 of the Township's bank balances was exposed to custodial credit risk because those deposits were uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.



Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 5 DEPOSITS AND INVESTMENTS (continued)**

Deposits (continued)

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 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 105% of the deposits being secured.

Investments

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

	<u>Carrying Value</u>	<u>Maturity</u>
Certificate of Deposit	\$ 1,200	01/06/2006
Certificate of Deposit	25,000	06/26/2006
Certificate of Deposit	50,000	07/30/2006
Certificate of Deposit	<u>50,000</u>	10/19/2006
Total Investments	<u>\$126,200</u>	

Certificates of deposit are either insured by the Federal Depository Insurance Corporation (FDIC), or collateralized by securities specifically pledged by the financial institution to the Township.

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 operation 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.

**NOTE 6 PROPERTY TAX**

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% 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 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 % of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 6 PROPERTY TAX** (continued)

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% of true value for capital assets and 23% 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 \$7.90, 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:

	<u>2005</u>
Real Property	
Residential	\$7,177,930
Agriculture	2,679,390
Commercial/Industrial/Mineral	386,010
Public Utility Property	1,956,510
Real	-
Personal	-
Tangible Personal Property	<u>701,200</u>
Total Assessed Value	<u>\$12,901,040</u>

**NOTE 7 RISK MANAGEMENT**

The Township 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 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity for the public purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. 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 risk management needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures with A- VII or better rated carriers, except for the portion the Plan retains. With policies effective September 1, 2002 and after, the Plan began retaining 5% of the premium and losses on the first \$500,000 casualty treaty and 5% of the first \$1,000,000 property treaty. With policies effective November 1, 2005 and after, the Plan began retaining 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 7 RISK MANAGEMENT** (continued)

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<u>2005</u>
Assets	\$8,219,430
Liabilities	<u>(2,748,639)</u>
Members' Equity	<u>\$5,470,791</u>

Complete audited financial statements for The Ohio Government Risk Management Plan can be read at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**NOTE 8 DEFINED BENEFIT PENSION PLAN**

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 plan is a defined contribution plan in which the member invests both member and employer contributions. (Employer contributions vest over a 5 year period at the rate of 20% 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 this plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions are self-directed by the member and 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, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The Township's contribution rate for pension benefits for 2005 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7% 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, 2005, 2004 and 2003 were \$10,901, \$13,398, and \$14,938 respectively. The full amount has been contributed for 2005, 2004, 2003. Contributions to the member-directed plan for 2005 were \$4,202 made by the Township and \$6,699 made by the plan members.

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 9 POST EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post retirement health care coverage to age and service retirees with ten or more years of service of qualifying 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 post retirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment 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 post retirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll; 4% 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' latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8%, an annual increase in active employee total payroll of 4% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between 1% and 6% annually for the next eight years and 4% 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% of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund post employment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

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 the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go-basis.

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 10 DEBT**

The Township's long term debt activity for the year ended December 31, 2005, was as follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2004</u>	<u>Reductions</u>	<u>Balance December 31, 2005</u>	<u>Due Within One Year</u>
General Obligation Note-Fire Truck Issued 2003 \$45,000	3.26%	<u>\$30,000</u>	<u>\$15,000</u>	<u>\$15,000</u>	<u>\$15,000</u>

The general obligation note is supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

<u>Year Ending December 31,</u>	<u>Principal Due</u>	<u>Interest Due</u>
2006	<u>\$15,000</u>	<u>\$ 495</u>
	<u>\$15,000</u>	<u>\$ 495</u>

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% 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 an amount equal to 10.5% of its tax valuation.

**NOTE 11 SUBSEQUENT EVENT**

In February 2006, the Township purchased and paid for property in the amount of \$62,029 from the Board of Education of the Southeastern Local School District to be used as a maintenance garage, mainly for the purpose of storing equipment and vehicles used for the maintenance of the Township's roads. In May, 2006, the Township financed \$30,000 of this purchase with Citizens National Bank. The unsecured note is payable in three consecutive annual installments of \$11,021, including interest, beginning in May 2007. The last payment is due in May, 2009.

INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Jefferson Township  
Ross County  
P O Box 63  
Richmond Dale, Ohio 45673

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of Jefferson Township (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated March 21, 2007, wherein we noted that the Township revised its financial statements for 2005, making them comparable to the requirements of Governmental Auditing Standard No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of Jefferson Township in a separate letter dated March 21, 2007.

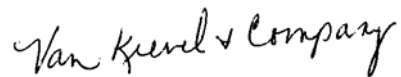
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Jefferson Township  
Ross County, Ohio  
Independent Accountant's Report on Internal Control Over Financial Reporting  
and on Compliance with Other Matters Based on an Audit of Financial  
Statements Performed in accordance with *Government Auditing Standards*

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract and grant agreements, and non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Van Krevel & Company  
Dublin, Ohio

March 21, 2007







**Mary Taylor, CPA**  
Auditor of State

**JEFFERSON TOWNSHIP**

**ROSS 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  
JULY 10, 2007**