



Mary Taylor, CPA
Auditor of State

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jackson Township
Champaign County
P. O. Box 114
Christiansburg, Ohio 45389

To the Township 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 years ended December 31, 2007 and 2006, 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 1, the accompanying financial statements and notes follow the 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 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, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Fire District, Ambulance and Road District Funds, thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

July 22, 2008

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
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, 2007, within the limitations of the Township's 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 2007 are as follows:

- Net assets of governmental activities increased \$17,272, or 6% percent change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Gasoline Tax Fund.
- The Township's general receipts are primarily property taxes and local government funding from the State of Ohio. These receipts represent respectively about 96% (percent) of the total cash received for governmental activities during the year. Property tax receipts for 2007 increased slightly compared to 2006, because a new road levy generating revenue.

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 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 cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the 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, 2007
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 2007, within the limitations of 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 or business-type activity 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 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 - The Township's basic services are reported here, including police, fire, and streets. 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 - 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, Ambulance District and Road District. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

**(Table 1)
Net Assets**

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$289,575	\$272,303
Total Assets	<u>289,575</u>	<u>272,303</u>
Net Assets		
Restricted for:		
Debt Service	1,780	1,361
Permanent Fund Purpose:		
Expendable Trusts	101	80
Non-expendable Trusts	19,700	19,700
Other Purposes	238,140	220,790
Unrestricted	29,854	30,372
Total Net Assets	<u>\$289,575</u>	<u>\$272,303</u>

As mentioned previously, net assets of governmental activities increased \$17,272 due to Gasoline Tax Fund, and a Road District Levy. The net assets increased even after the township spent approximately \$70,000 on resurfacing Heck Hill road and fixing the streets in the Taylor Creek Estates at the cost of approximately \$25,000.

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006.

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

	Governmental Activities 2007	Governmental Activities 2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 16,765	\$ 16,096
Operating Grants and Contributions	114,520	88,140
Total Program Receipts	<u>131,285</u>	<u>104,236</u>
General Receipts:		
Property and Other Local Taxes	132,874	128,636
Grants and Entitlements not Restricted to Specific Programs	24,116	15,314
Earnings and Investments	5,819	4,933
Miscellaneous	1,515	5,132
Total General Receipts	<u>164,324</u>	<u>154,015</u>
Total Receipts	<u>295,609</u>	<u>258,251</u>

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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

	Governmental Activities 2007	Governmental Activities 2006
Disbursements:		
General Government	123,356	99,882
Public Works	136,714	160,175
Public Health Services	13,560	13,324
Capital Outlay	1,453	8,650
Principal Retirement	3,254	1,627
Total Disbursements	278,337	283,658
 Increase (Decrease) in Net Assets	 17,272	 (25,407)
 Net Assets, January 1	 272,303	 297,710
Net Assets, December 31	\$289,575	\$272,303

Program receipts represent only 44 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 56 percent of the Township's total receipts, and of this amount, over 79 percent are local taxes. State and federal grants and entitlements make up 14.5 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 fiscal officer, trustees, 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.

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 \$136,713 and is 50 percent of all governmental disbursements. General government also represents a significant cost, about 45 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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2007	Net Cost of Services 2007	Total Cost Of Services 2006	Net Cost of Services 2006
General Government	\$123,356	(\$123,356)	\$ 99,882	(\$ 99,882)
Public Works	136,714	(5,479)	160,175	(56,139)
Health	13,560	(13,560)	13,324	(13,324)
Other		50		200
Capital Outlay	1,453	(1,453)	8,650	(8,650)
Principal Retirement	3,254	(3,254)	1,627	(1,627)
Total Expenses	\$278,337	(\$147,052)	\$283,658	(\$179,422)

The dependence upon property tax receipts is apparent as over 52 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$295,609 and disbursements of \$278,337.

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.

During 2007, the Township amended the revenue budget of the Motor Vehicle License Tax Fund reducing it by \$1,544.91, the Permissive Tax Fund was reduced by \$1,958.65, the Thackery Street Light Fund was reduced by \$44.46, the Permanent fund 4951 was reduced by \$401.74, and the Permanent Fund 4952 was reduced by \$107.59. The difference between final budgeted receipts and actual receipts was insignificant.

Final disbursements were appropriated at \$444,811, while the actual disbursements were \$278,337.

Debt Administration

Debt

At December 31, 2007, the Township's outstanding debt included \$60,201 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. The further information regarding the Township debt, refer to Note 9 in the basis financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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 financial forecast predicts a little increase in revenue in the General fund, because the Board of Trustees asked for an increase in the inside mileage from the County Auditor's office which will be added to the 2008 revenue budget. 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 \$50,000 on resurfacing the township roads, and purchasing a nearly new township truck.

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 - CASH BASIS
DECEMBER 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$289,575
Total Assets	<u>289,575</u>
Net Assets	
Restricted for:	
Debt Service	1,780
Permanent Fund Purpose	
Expendable	101
Nonexpendable	19,700
Other Purposes	238,140
Unrestricted	29,854
Total Net Assets	<u>\$289,575</u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	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	\$123,356			(\$123,356)
Public Works	136,714	\$16,765	\$114,470	(5,479)
Health	13,560			(13,560)
Other			50	50
Capital Outlay	1,453			(1,453)
Debt Service:				
Principal Retirement	3,254			(3,254)
Total Governmental Activities	278,337	16,765	114,520	(147,052)
General Receipts				
Property Taxes				132,874
Grants and Entitlements not Restricted to Specific Programs				24,116
Earnings on Investments				5,819
Miscellaneous				1,515
Total General Receipts				164,324
Change in Net Assets				17,272
Net Assets Beginning of Year				272,303
Net Assets End of Year				\$289,575

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Ambulance District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets								
Equity in Pooled Cash and Cash Equivalents	\$29,854	\$61,402	\$24,619	\$66,079	\$27,283	\$18,327	\$62,011	\$289,575
Total Assets	<u>29,854</u>	<u>61,402</u>	<u>24,619</u>	<u>66,079</u>	<u>27,283</u>	<u>18,327</u>	<u>62,011</u>	<u>289,575</u>
Fund Balances								
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	29,854							29,854
Special Revenue Funds		61,402	24,619	66,079	27,283	18,327	40,430	238,140
Debt Service Fund							1,780	1,780
Permanent Fund							19,801	19,801
Total Fund Balances	<u>\$29,854</u>	<u>\$61,402</u>	<u>\$24,619</u>	<u>\$66,079</u>	<u>\$27,283</u>	<u>\$18,327</u>	<u>\$62,011</u>	<u>\$289,575</u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road And Bridge</u>	<u>Fire District</u>	<u>Ambulance District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts								
Property and Other Local Taxes	\$11,276		\$34,675	\$22,962	\$11,481	\$33,610	\$12,023	\$126,027
Licenses, Permits and Fees	4,742							4,742
Intergovernmental	26,177	\$97,299	5,063	3,747	1,768	5,272	17,170	156,496
Special Assessments							960	960
Earnings on Investments	3,472	895					1,452	5,819
Miscellaneous	1,337		228					1,565
Total Receipts	<u>47,004</u>	<u>98,194</u>	<u>39,966</u>	<u>26,709</u>	<u>13,249</u>	<u>38,882</u>	<u>31,605</u>	<u>295,609</u>
Disbursements								
Current:								
General Government	32,584			30,669	11,390	48,705	8	123,356
Public Works	1,981	60,381	43,261				31,091	136,714
Health	12,957						603	13,560
Capital Outlay		1,453						1,453
Debt Service:								
Principal Retirement							3,254	3,254
Total Disbursements	<u>47,522</u>	<u>61,834</u>	<u>43,261</u>	<u>30,669</u>	<u>11,390</u>	<u>48,705</u>	<u>34,956</u>	<u>278,337</u>
Excess of Receipts Over (Under) Disbursements	(518)	36,360	(3,295)	(3,960)	1,859	(9,823)	(3,351)	17,272
Fund Balances Beginning of Year	<u>30,372</u>	<u>25,042</u>	<u>27,914</u>	<u>70,039</u>	<u>25,424</u>	<u>28,150</u>	<u>65,362</u>	<u>272,303</u>
Fund Balances End of Year	<u>\$29,854</u>	<u>\$61,402</u>	<u>\$24,619</u>	<u>\$66,079</u>	<u>\$27,283</u>	<u>\$18,327</u>	<u>\$62,011</u>	<u>\$289,575</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, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$12,850	\$12,850	\$11,276	(\$1,574)
Licenses, Permits and Fees	6,000	6,000	4,742	(1,258)
Intergovernmental	17,219	17,219	26,177	8,958
Earnings on Investments	3,000	3,000	3,472	472
Miscellaneous	4,000	4,000	1,337	(2,663)
Total receipts	<u>43,069</u>	<u>43,069</u>	<u>47,004</u>	<u>3,935</u>
Disbursements				
Current:				
General Government	50,375	50,375	32,584	17,791
Public Works	2,000	2,000	1,981	19
Health	20,066	20,066	12,957	7,109
Capital Outlay	1,000	1,000		1,000
Total Disbursements	<u>73,441</u>	<u>73,441</u>	<u>47,522</u>	<u>25,919</u>
Excess of Receipts Over (Under) Disbursements	(30,372)	(30,372)	(518)	29,854
Fund Balance Beginning of Year	<u>30,372</u>	<u>30,372</u>	<u>30,372</u>	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$29,854</u>	<u>\$29,854</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$54,501	\$54,501	\$97,299	\$42,798
Earnings on Investments	700	700	895	195
Total receipts	<u>55,201</u>	<u>55,201</u>	<u>98,194</u>	<u>42,993</u>
Disbursements				
Current:				
Public Works	74,743	74,743	60,381	14,362
Capital Outlay	5,000	5,000	1,453	3,547
Debt Service:				
Principal Retirement	500	500		500
Total Disbursements	<u>80,243</u>	<u>80,243</u>	<u>61,834</u>	<u>18,409</u>
Excess of Receipts Over (Under) Disbursements	(25,042)	(25,042)	36,360	61,402
Fund Balance Beginning of Year	<u>25,042</u>	<u>25,042</u>	<u>25,042</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$61,402</u></u>	<u><u>\$61,402</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
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$33,900	\$33,900	\$34,675	\$775
Intergovernmental	4,700	4,700	5,063	363
Miscellaneous			228	228
Total receipts	<u>38,600</u>	<u>38,600</u>	<u>39,966</u>	<u>1,366</u>
Disbursements				
Current:				
Public Works	61,514	61,514	43,261	18,253
Capital Outlay	5,000	5,000		5,000
Total Disbursements	<u>66,514</u>	<u>66,514</u>	<u>43,261</u>	<u>23,253</u>
Excess of Receipts Over (Under) Disbursements	(27,914)	(27,914)	(3,295)	24,619
Fund Balance Beginning of Year	<u>27,914</u>	<u>27,914</u>	<u>27,914</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$24,619</u></u>	<u><u>\$24,619</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$22,720	\$22,720	\$22,962	\$242
Intergovernmental	2,880	2,880	3,747	867
Total receipts	<u>25,600</u>	<u>25,600</u>	<u>26,709</u>	<u>1,109</u>
Disbursements				
Current:				
General Government	45,639	45,639	30,669	14,970
Total Disbursements	<u>45,639</u>	<u>45,639</u>	<u>30,669</u>	<u>14,970</u>
Excess of Receipts Over (Under) Disbursements	(20,039)	(20,039)	(3,960)	16,079
Fund Balance Beginning of Year	<u>70,039</u>	<u>70,039</u>	<u>70,039</u>	
Fund Balance End of Year	<u><u>\$50,000</u></u>	<u><u>\$50,000</u></u>	<u><u>\$66,079</u></u>	<u><u>\$16,079</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$11,240	\$11,240	\$11,481	\$241
Intergovernmental	1,560	1,560	1,768	208
Total receipts	<u>12,800</u>	<u>12,800</u>	<u>13,249</u>	<u>449</u>
Disbursements				
Current:				
General Government	<u>38,224</u>	<u>38,224</u>	<u>11,390</u>	<u>26,834</u>
Total Disbursements	<u>38,224</u>	<u>38,224</u>	<u>11,390</u>	<u>26,834</u>
Excess of Receipts Over (Under) Disbursements	(25,424)	(25,424)	1,859	27,283
Fund Balance Beginning of Year	<u>25,424</u>	<u>25,424</u>	<u>25,424</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$27,283</u></u>	<u><u>\$27,283</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
ROAD DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$33,052	\$33,052	\$33,610	\$558
Intergovernmental	4,700	4,700	5,272	572
Total receipts	<u>37,752</u>	<u>37,752</u>	<u>38,882</u>	<u>1,130</u>
Disbursements				
Current:				
General Government	61,902	61,902	48,705	13,197
Capital Outlay	4,000	4,000		4,000
Total Disbursements	<u>65,902</u>	<u>65,902</u>	<u>48,705</u>	<u>17,197</u>
Excess of Receipts Over (Under) Disbursements	(28,150)	(28,150)	(9,823)	18,327
Fund Balance Beginning of Year	<u>28,150</u>	<u>28,150</u>	<u>28,150</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$18,327</u></u>	<u><u>\$18,327</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, 2007**

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 cash basis of accounting. This 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 cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. 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, 2007
(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 non-exchange 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. Non-major 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, 2007
(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 non-exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund, Ambulance District Fund, and Road 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 are 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 Road District Fund is primarily used for the repairs and maintenance of the township roads.

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 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 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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2007, the Township invested in nonnegotiable certificates of deposit, and STAR Ohio. The nonnegotiable 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, 2007.

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 2007 was \$3,472.

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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

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. 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, Ambulance District and Road District are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

4. 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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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.

A. Deposits

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 year end, \$168,161 of the Township's bank balance of \$268,161 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

As of December 31, 2007, the Township had the following investment:

	<u>Carrying Value</u>
STAR Ohio	<u>\$26,189</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 U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

5. 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 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, 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 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2006, 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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

5. PROPERTY TAXES (Continued)

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. 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, 2007, was \$ 5.15 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 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	<u>277,570</u>
Total Assessed Value	<u>\$33,656,450</u>

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township is commercially insured through the Ohio Plan with Stolly Insurance Company Wapakoneta, Ohio 45895. The township has the following risks:

Legal Liability	\$ 2,000,000	Per Occurrence
Automobile Liability	\$ 2,000,000	Per Occurrence
Wrongful Acts	\$ 2,000,000	Per Occurrence
Property & Personal Property	\$ 204,200	Total Coverage

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

7. 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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

7. DEFINED BENEFIT PENSION PLAN (Continued)

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, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 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, 2007, 2006, and 2005 were \$5,627, \$5,619, and \$5,905. The full amount has been contributed for 2007, 2006, and 2005.

8. POST-EMPLOYMENT BENEFITS

A. 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 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 postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 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, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 and 5 percent annually for the next eight years and 4 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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund post-employment benefits were \$2,438. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007 were \$12 billion.

The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7billion, respectively.

On September 9, 2007, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 200. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

9. DEBT

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$60,201	0%
Total	\$60,201	

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 began on July 1, 2006.

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

	OPWC
Year ending December 31:	
2008	\$3,254
2009	3,254
2010	3,254
2011	3,254
2012	3,254
2013-2017	16,271
2018-2022	16,271
2023-2026	11,389
Total	\$60,201

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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
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, 2006, 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 2006 are as follows:

- Net assets of governmental activities decreased \$25,407, or 8.5%, a change from the prior year. The fund most affected by the decrease was the Gasoline Tax Fund. The main reason for the decrease in the ending balance was that the township spent approximately \$110,000 on chip and sealing the township roads.
- The Township's general receipts are primarily property taxes and local government funding from the State of Ohio. These receipts represent respectively about 56% (percent) of the total cash received for governmental activities during the year. Property tax receipts for 2006 changed very little compared to 2005 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 cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the 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, 2006
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 2006 within the limitations of 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 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 - The Township's basic services are reported here, including police, fire, and streets. 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 - 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, Ambulance District and the Road District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis:

**(Table 1)
Net Assets**

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$272,303	\$297,710
Total Assets	<u>272,303</u>	<u>297,710</u>
Net Assets		
Restricted for:		
Debt Service	1,361	
Permanent Fund Purpose:		
Expendable Trusts	80	99
Non-expendable Trusts	19,700	19,700
Other Purposes	220,790	247,117
Unrestricted	30,372	30,794
Total Net Assets	<u>\$272,303</u>	<u>\$297,710</u>

As mentioned previously, net assets of governmental activities decreased \$25,407, because the moneys were spent fixing 20 miles of township roads by the Champaign County Engineer Department. The Champaign County Engineer's Department will only chip and seal the township's roads every three years. The year 2006 was Jackson Township's turn to have its' township roads resurfaced. The next time the County Engineer's Department will be on the west side of the County to resurface roads will be in 2009.

Table 2 reflects the changes in net assets in 2006 on a cash basis and 2005.

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

	Governmental Activities 2006	Governmental Activities 2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$16,096	\$7,715
Operating Grants and Contributions	88,140	106,291
Total Program Receipts	<u>104,236</u>	<u>114,006</u>
General Receipts:		
Property and Other Local Taxes	128,636	110,231
Gants and Entitlements not Restricted to Specific Programs	15,314	16,703
Other Debt Proceeding		18,799
Earnings and Investments	4,933	3,051
Miscellaneous	5,132	1,886
Total General Receipts	<u>154,015</u>	<u>150,670</u>
Total Receipts	<u>258,251</u>	<u>264,676</u>

(Continued)

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

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

	<u>Governmental Activities 2006</u>	<u>Governmental Activities 2005</u>
Disbursements:		
General Government	99,882	65,894
Public Works	160,175	101,425
Public Health Services	13,324	14,184
Capital Outlay	8,650	
Principal Retirement	1,627	24,352
Total Disbursements	<u>283,658</u>	<u>205,855</u>
 Increase (Decrease) in Net Assets	 (25,407)	 58,821
 Net Assets, January 1	 <u>297,710</u>	 <u>238,889</u>
Net Assets, December 31	<u><u>\$272,303</u></u>	<u><u>\$297,710</u></u>

Program receipts represent only 40 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 60 percent of the Township's total receipts, and of this amount, over 84 percent are local taxes. State and federal grants and entitlements make up 10 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 fiscal officer, trustee, 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.

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 \$160,175 and is 57 percent of all governmental disbursements. General government also represents a significant cost, about 35 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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2006	Net Cost Of Services 2006	Total Cost Of Services 2005	Net Cost Of Services 2005
General Government	\$ 99,882	(\$ 99,882)	\$ 65,894	(\$65,894)
Public Works	160,175	(56,139)	101,425	12,581
Health	13,324	(13,324)	14,184	(14,184)
Other		200		
Capital Outlay	8,650	(8,650)	24,352	(24,352)
Principal Retirement	1,627	(1,627)		
Total Expenses	<u>\$283,658</u>	<u>(\$179,422)</u>	<u>\$205,855</u>	<u>(\$91,849)</u>

The dependence upon property tax receipts is apparent as over 63 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$258,251 and disbursements of \$283,658. The greatest change within governmental funds occurred within the Gas Tax Fund. The fund balance of the Gas Tax Fund decreased \$31,008 as the result of resurfacing 20 miles of Township roads.

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 2006, the Township amended its General Fund budget one time to reflect changing circumstances. Final budgeted receipts were \$5,240 below original budgeted receipts due to unexpected slow growth in tax receipts.

Final disbursements were budgeted at \$69,653 while actual disbursements were \$40,855. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

Debt Administration

Debt

At December 31, 2006, the Township's outstanding debt included \$63,455 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. For further information regarding the Township debt, refer to Note 9 in the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

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 financial forecast predicts very little increase in revenues for the year 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.

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 - CASH BASIS
DECEMBER 31, 2006**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$272,303
Total Assets	<u>272,303</u>
Net Assets	
Restricted for:	
Debt Service	1,361
Permanent Fund Purpose	
Expendable	80
Nonexpendable	19,700
Other Purposes	220,790
Unrestricted	<u>30,372</u>
Total Net Assets	<u>\$272,303</u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$99,882			(\$99,882)
Public Works	160,175	\$16,096	\$87,940	(56,139)
Health	13,324			(13,324)
Other			200	200
Capital Outlay	8,650			(8,650)
Debt Service:				
Principal Retirement	1,627			(1,627)
Total Governmental Activities	<u>283,658</u>	<u>16,096</u>	<u>88,140</u>	<u>(179,422)</u>
General Receipts				
Property Taxes				128,636
Grants and Entitlements not Restricted to Specific Programs				15,314
Earnings on Investments				4,933
Miscellaneous				<u>5,132</u>
Total General Receipts				<u>154,015</u>
Change in Net Assets				(25,407)
Net Assets Beginning of Year				<u>297,710</u>
Net Assets End of Year				<u><u>\$272,303</u></u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Ambulance District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets								
Equity in Pooled Cash and Cash Equivalents	\$30,272	\$25,042	\$27,914	\$70,039	\$25,424	\$28,150	\$65,362	\$272,203
Total Assets	<u>30,272</u>	<u>25,042</u>	<u>27,914</u>	<u>70,039</u>	<u>25,424</u>	<u>28,150</u>	<u>65,362</u>	<u>272,203</u>
Fund Balances								
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	30,372							30,372
Special Revenue Funds		25,042	27,914	70,039	25,424	28,150	44,221	220,790
Debt Service Fund							1,361	1,361
Permanent Fund							19,780	19,780
Total Fund Balances	<u>\$30,372</u>	<u>\$25,042</u>	<u>\$27,914</u>	<u>\$70,039</u>	<u>\$25,424</u>	<u>\$28,150</u>	<u>\$65,362</u>	<u>\$272,303</u>

See accompanying notes to the basic financial statements.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road And Bridge</u>	<u>Fire District</u>	<u>Ambulance District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts								
Property and Other Local Taxes	\$11,113		\$33,857	\$22,628	\$11,257	\$33,183	\$12,024	\$124,062
Licenses, Permits and Fees	4,072							4,072
Intergovernmental	17,026	\$72,865	4,657	3,113	1,557	4,723	15,075	119,016
Special Assessments							836	836
Earnings on Investments	3,148	777					1,008	4,933
Miscellaneous	5,074	258						5,332
Total Receipts	<u>40,433</u>	<u>73,900</u>	<u>38,514</u>	<u>25,741</u>	<u>12,814</u>	<u>37,906</u>	<u>28,943</u>	<u>258,251</u>
Disbursements								
Current:								
General Government	27,739			29,858	11,521	30,761	3	99,882
Public Works	145	94,631	46,399				19,000	160,175
Health	12,971						353	13,324
Capital Outlay		8,650						8,650
Debt Service:								
Principal Retirement		1,627						1,627
Total Disbursements	<u>40,855</u>	<u>104,908</u>	<u>46,399</u>	<u>29,858</u>	<u>11,521</u>	<u>30,761</u>	<u>19,356</u>	<u>283,658</u>
Excess of Receipts Over (Under) Disbursements	(422)	(31,008)	(7,885)	(4,117)	1,293	7,145	9,587	(25,407)
Fund Balances Beginning of Year	30,794	56,050	35,799	74,156	24,131	21,005	55,775	297,710
Fund Balances End of Year	<u>\$30,372</u>	<u>\$25,042</u>	<u>\$27,914</u>	<u>\$70,039</u>	<u>\$25,424</u>	<u>\$28,150</u>	<u>\$65,362</u>	<u>\$272,303</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, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$11,600	\$11,600	\$11,113	(\$487)
Licenses, Permits and Fees	10,579	4,072	4,072	
Intergovernmental	19,120	17,952	17,026	(926)
Earnings on Investments	1,800	1,800	3,148	1,348
Miscellaneous	1,000	3,435	5,074	1,639
Total receipts	<u>44,099</u>	<u>38,859</u>	<u>40,433</u>	<u>1,574</u>
Disbursements				
Current:				
General Government	42,675	42,675	27,739	14,936
Public Works	11,218	5,978	145	5,833
Health	20,000	20,000	12,971	7,029
Capital Outlay	1,000	1,000		1,000
Total Disbursements	<u>74,893</u>	<u>69,653</u>	<u>40,855</u>	<u>28,798</u>
Excess of Receipts Over (Under) Disbursements	(30,794)	(30,794)	(422)	30,372
Fund Balance Beginning of Year	<u>30,794</u>	<u>30,794</u>	<u>30,794</u>	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$30,372</u>	<u>\$30,372</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$57,500	\$57,500	\$72,865	\$15,365
Earnings on Investments	376	376	777	401
Miscellaneous			258	258
Total receipts	<u>57,876</u>	<u>57,876</u>	<u>73,900</u>	<u>16,024</u>
Disbursements				
Current:				
Public Works	102,299	102,299	94,631	7,668
Capital Outlay	10,000	10,000	8,650	1,350
Debt Service:				
Principal Retirement	1,627	1,627	1,627	
Total Disbursements	<u>113,926</u>	<u>113,926</u>	<u>104,908</u>	<u>9,018</u>
Excess of Receipts Over (Under) Disbursements	(56,050)	(56,050)	(31,008)	25,042
Fund Balance Beginning of Year	<u>56,050</u>	<u>56,050</u>	<u>56,050</u>	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$25,042</u>	<u>\$25,042</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$34,000	\$34,000	\$33,857	(\$143)
Intergovernmental	4,000	4,000	4,657	657
Total receipts	<u>38,000</u>	<u>38,000</u>	<u>38,514</u>	<u>514</u>
Disbursements				
Current:				
Public Works	72,799	72,799	46,399	26,400
Capital Outlay	1,000	1,000		1,000
Total Disbursements	<u>73,799</u>	<u>73,799</u>	<u>46,399</u>	<u>27,400</u>
Excess of Receipts Over (Under) Disbursements	(35,799)	(35,799)	(7,885)	27,914
Fund Balance Beginning of Year	<u>35,799</u>	<u>35,799</u>	<u>35,799</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$27,914</u></u>	<u><u>\$27,914</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$23,300	\$23,300	\$22,628	(\$672)
Intergovernmental	2,100	2,100	3,113	1,013
Total receipts	<u>25,400</u>	<u>25,400</u>	<u>25,741</u>	<u>341</u>
Disbursements				
Current:				
General Government	99,556	99,556	29,858	69,698
Total Disbursements	<u>99,556</u>	<u>99,556</u>	<u>29,858</u>	<u>69,698</u>
Excess of Receipts Over (Under) Disbursements	(74,156)	(74,156)	(4,117)	70,039
Fund Balance Beginning of Year	<u>74,156</u>	<u>74,156</u>	<u>74,156</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$70,039</u></u>	<u><u>\$70,039</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$11,420	\$11,420	\$11,257	(\$163)
Intergovernmental	1,280	1,280	1,557	277
Total receipts	<u>12,700</u>	<u>12,700</u>	<u>12,814</u>	<u>114</u>
Disbursements				
Current:				
General Government	36,831	36,831	11,521	25,310
Total Disbursements	<u>36,831</u>	<u>36,831</u>	<u>11,521</u>	<u>25,310</u>
Excess of Receipts Over (Under) Disbursements	(24,131)	(24,131)	1,293	25,424
Fund Balance Beginning of Year	<u>24,131</u>	<u>24,131</u>	<u>24,131</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$25,424</u></u>	<u><u>\$25,424</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
ROAD DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$15,985	\$15,985	\$33,183	\$17,198
Intergovernmental	1,200	1,200	4,723	3,523
Miscellaneous	150	150		(150)
Total receipts	<u>17,335</u>	<u>17,335</u>	<u>37,906</u>	<u>20,571</u>
Disbursements				
Current:				
General Government	32,340	32,340	30,761	1,579
Capital Outlay	6,000	6,000		6,000
Total Disbursements	<u>38,340</u>	<u>38,340</u>	<u>30,761</u>	<u>7,579</u>
Excess of Receipts Over (Under) Disbursements	(21,005)	(21,005)	7,145	28,150
Fund Balance Beginning of Year	<u>21,005</u>	<u>21,005</u>	<u>21,005</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$28,150</u></u>	<u><u>\$28,150</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, 2006**

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 cash basis of accounting. This 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 cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. 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, 2006
(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 non-exchange 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. Non-major 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, 2006
(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 non-exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund, Ambulance District Fund, and the Road 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 are 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 Road District Fund is used for the repairs and maintenance of the township roads.

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 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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Township records identify the purchase of specific investments by specific funds.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2006, the Township invested in nonnegotiable certificates of deposit and STAR Ohio. The nonnegotiable 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, 2006.

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 2006 was \$3,148.

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 7 and 8, 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, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for other long-term obligations. Proceeds of debt are reported when the cash is received and principal 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. 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, Ambulance District and Road District are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

4. 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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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.

A. Deposits

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 year end, \$153,185 of the Township's bank balance of \$253,185 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

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

	<u>Carrying Value</u>
STAR Ohio	<u>\$24,904</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 U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

5. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2006 taxes.

2006 real property taxes are levied after October 1, 2006 on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

5. PROPERTY TAXES (Continued)

Real property taxes are payable annually or semi-annually. 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien on December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 12.5 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due 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	\$33,656,450

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township is commercially insured through the Ohio Plan with Stolly Insurance Company Wapakoneta, Ohio 45895. The township has the following risks:

Legal Liability	\$ 2,000,000	Per Occurrence
Automobile Liability	\$ 2,000,000	Per Occurrence
Wrongful Acts	\$ 2,000,000	Per Occurrence
Property & Personal Property	\$ 141,500	Total Coverage

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

7. 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, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 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 years ended December 31, 2006 and 2005 was \$5,619 and \$5,905. The full amount has been contributed for 2006 and 2005

8. POST-EMPLOYMENT BENEFITS

A. 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 qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 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 costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund post-employment benefits were \$2,808. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

9. DEBT

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$63,455	0%
Total	<u>\$63,455</u>	

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 began on July 1, 2006.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

9. DEBT (Continued)

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

	<u>OPWC</u>
Year ending December 31:	
2007	\$3,254
2008	3,254
2009	3,254
2010	3,254
2011	3,254
2012-2016	16,271
2017-2021	16,271
2022-2026	<u>14,643</u>
Total	<u><u>\$63,455</u></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 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.

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Mary Taylor, CPA

Auditor of State

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

Jackson Township
Champaign County
P. O. Box 114
Christiansburg, Ohio 45389

To the Township Board of Trustees:

We have audited the 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 years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 22, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control Over Financial Reporting
(Continued)**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated July 22, 2008.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 22, 2008.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

July 22, 2008

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Finding 2007-001

Noncompliance Citation – Health Care Reimbursement

Ohio Rev. Code Section 505.60(C) states that if any township officer or employee is denied coverage under a health care plan procured under division (B) of this section or if any township officer or employee elects not to participate in the township's health care plan, the township may reimburse the officer or employee for each out of pocket premium that the officer or employee incurs for insurance policies described in division (A) of this section that the officer or employee otherwise obtains, but not to exceed an amount equal to the average premium paid by the township for its officer and employees under policies it procures under division (B) of this section.

Attorney General Opinion 2005-038 concluded that, pursuant to Ohio Rev. Code Section 505.60(C), a board of trustees may reimburse a township officer or employee for the out-of-pocket premiums attributable to that officer or employee for health care coverage under insurance policies described in Ohio Rev. Code Section 505.60(A) if the officer or employee is denied health care coverage under a policy procured by the township under Ohio Rev. Code Section 505.60(B), or if the officer or employee elects not to participate in the township's health care plan. The policies described in 505.60(A) do not include family coverage. Therefore, the township should not reimburse for premium costs attributable to the spouse or dependents of an officer or employee.

The Township reimbursed the Township Fiscal Officer for family coverage in the amount of \$2,958.64 in 2006 and \$3,070.56 in 2007. These amounts were in excess of to the actual out-of-pocket premium expenses attributable to the Fiscal Officer.

Our audits of townships during this audit period have revealed ambiguity in the interpretation of the health care reimbursement statutes, as demonstrated in the opinions of several prosecuting attorneys submitted to our office. In addition, legislation has been introduced and passed the Ohio House of Representatives to extend reimbursement to township officials and employees for premiums for family coverage. Therefore, we will not issue Findings for Recovery for these expenditures during the 2006-2007 audit period.

We recommend the Township revise its health care premium reimbursement policy to limit reimbursement of non-township provided insurance to amounts attributable to township officials and employees only, unless and until HB 458 is passed by the legislature and becomes law.

**FINDING NUMBER 2007-001
(Continued)**

Officials Response:

The Jackson Township Board of Trustees does stand by Nick Selvaggio's, Champaign County Prosecutor, opinion which is in disagreement with the Attorney General's opinion in regards to the reimbursement policy. The County Prosecutor does defend the authorization of the enacting of the resolutions for reimbursements to the Fiscal Officer for the health insurance premiums he has paid on behalf of himself and his wife. The Fiscal Officer was never denied coverage from the Township's health insurance company. The Fiscal Officer chose not to be on the Township's policy, keeping his own health insurance coverage, saving the Township thousands of dollars because there would have been high Township insurance premiums. Also, by keeping his own policy the fiscal officer would not be jeopardizing the pre-existing health insurance coverage issues. Ergo, the Township saved taxpayers money by the fiscal officer choosing a reimbursement police under ORC 505.60 Section A, B, and C. There should be uniformity in the ORC 505.60 Sections A, B, & C. With the State Auditor and Attorney General opinions, there is inconsistency between Divisions (A) and Divisions (B). Employees and Township officers should be treated as equals in regards to benefits and reimbursements. The Fiscal Officer is denied equal coverage according to the Attorney General opinion. The Ohio House of Representatives has passed Ohio HB 458 which will eliminate the inconsistency and treat the officers and employees as equals. Until this HB 458 passes the Ohio Senate, the Jackson Township Trustees and the Fiscal Officer in 2008, have complied with the interpretation of the law from the Attorney General's opinion denying the Fiscal Officer equal coverage and reimbursements. The Champaign County Prosecutor's letter to the State Auditors defending the Jackson Township Board of Trustees position on reimbursement is available to the public by contracting Jackson Township Box 114 Christiansburg, Ohio 45389.

JACKSON TOWNSHIP
CHAMPAIGN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC Section 135.18 – Failure to obtain adequate collateral for township's deposits	Yes	



Mary Taylor, CPA
Auditor of State

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 25, 2008**