



**Auditor of State
Betty Montgomery**

**JACKSON TOWNSHIP
MUSKINGUM COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets – Modified Cash Basis - December 31, 2005	11
Statement of Activities – Modified Cash Basis - For the Year Ended December 31, 2005	12
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2005	13
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances - Governmental Funds - For the Year Ended December 31, 2005	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2005.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance– Budget and Actual – Budget Basis – Gasoline Tax Fund – For the Year Ended December 31, 2005.....	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Road and Bridge Fund – For the Year Ended December 31, 2005.....	18
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Cemetery Fund – For the Year Ended December 31, 2005	19
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Road District Fund – For the Year Ended December 31, 2005	20
Statement of Net Assets – Modified Cash Basis - December 31, 2004.....	21
Statement of Activities – Modified Cash Basis - For the Year Ended December 31, 2004	22
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2004.....	23
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances - Governmental Funds - For the Year Ended December 31, 2004	25
Statement of Receipts, Disbursements and Changes in Fund Balance– Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2004	26
Statement of Receipts, Disbursements and Changes in Fund Balance– Budget and Actual – Budget Basis – Gasoline Tax Fund – For the Year Ended December 31, 2004.....	27
Statement of Receipts, Disbursements and Changes in Fund Balance– Budget and Actual – Budget Basis – Road and Bridge Fund – For the Year Ended December 31, 2004.....	28
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Cemetery Fund – For the Year Ended December 31, 2004	29

JACKSON TOWNSHIP
MUSKINGUM COUNTY

TABLE OF CONTENTS
(continued)

TITLE	PAGE
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Road District Fund – For the Year Ended December 31, 2004	30
Notes to the Basic Financial Statements	31
Independent Accountants' Report on Internal Control over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i>	45
Schedule of Prior Audit Findings.....	47



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Thomas Tucker, Fiscal Officer
Jackson Township
Muskingum County
11895 Hamby Hill Road
Fazeysburg, Ohio 43822

To the Board of Township Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, 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's financial transactions were processed using 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 conduct the audit of 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Township, Muskingum County, Ohio, as of December 31, 2005 and 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, and Road District Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

For the years ended December 31, 2005 and 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2006, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the accounting principles generally accepted in the United States of America 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.



Betty Montgomery
Auditor of State

August 8, 2006

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Management’s Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(Unaudited)

This discussion and analysis of Jackson Township’s financial performance provides an overall review of the Township’s financial activities for the years ended December 31, 2005 and 2004, 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 the Township’s financial performance.

The Management’s Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Township has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$39,032, or 39.8 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2005; however, cost increases affected most funds.

The Township’s general receipts for 2005 are primarily property taxes, grants and entitlements not restricted to specific programs and note proceeds. These receipts represent respectively 19.8, 8.3 and 47.2 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 declined due to the expiration of the cemetery levy compared to 2004.

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.

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Management’s Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(Unaudited)

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

Basis of Accounting

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

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005 and 2004, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program’s goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township’s general receipts.

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

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

Governmental Activities – All of the Township’s basic services are reported here, including fire, emergency medical services (EMS), road maintenance, and cemetery. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Management’s Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(Unaudited)

Reporting the Township’s Most Significant Funds

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

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

The Township as a Whole

Table 1 provides a summary of the Township’s net assets for 2005 compared to 2004 on a modified cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$91,635	\$130,667
Total Assets	\$91,635	\$130,667
Net Assets		
Restricted for:		
Capital Outlay	\$113	\$0
Other Purposes	64,109	87,863
Unrestricted	27,413	42,804
Total Net Assets	\$91,635	\$130,667

As mentioned previously, net assets of governmental activities decreased \$39,032, or 39.8 percent during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Management’s Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(Unaudited)

- The expiration of the cemetery tax levy.
- General Fund contributions to the land purchase for community ball fields and recreation areas.

Table 2 reflects the changes in net assets in 2005 compared to 2004.

	Governmental Activities 2005	Governmental Activities 2004
	<u>2005</u>	<u>2004</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$15,998	\$18,000
Operating Grants and Contributions	88,758	64,928
Capital Grants and Contributions		
Total Program Receipts	<u>104,756</u>	<u>82,928</u>
General Receipts:		
Property and Other Local Taxes	106,786	140,762
Special Assessments	7,228	3,426
Debt Proceeds	254,000	0
Grants and Entitlements Not Restricted to Specific Programs	44,718	71,045
Interest	4,032	1,658
Miscellaneous	16,403	5,161
Total General Receipts	<u>433,167</u>	<u>222,052</u>
Total Receipts	<u>537,923</u>	<u>304,980</u>
Disbursements:		
General Government	38,076	39,117
Public Safety	60,386	61,015
Public Works	139,465	112,623
Health	32,693	29,784
Human Services	200	50
Other	427	815
Capital Outlay	288,762	12,507
Principal Retirement	10,349	10,349
Interest and Fiscal Charges	6,597	3,107
Total Disbursements	<u>576,955</u>	<u>269,367</u>
Increase (Decrease) in Net Assets	(39,032)	35,613
Net Assets, January 1	<u>130,667</u>	<u>95,054</u>
Net Assets, December 31	<u>\$91,635</u>	<u>\$130,667</u>

Program receipts for 2005 represent only 19.4 percent of total receipts in 2005 and 27.2 percent of total receipts in 2004. These are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, cemetery lot sales and cemetery opening and closing charges.

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Management’s Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(Unaudited)

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

Public Safety is the costs of fire protection and dust control; Public Works is the cost of maintaining the roads, and Health is the costs associated with the cemetery.

Governmental Activities

If you look at the 2005 Statement of Activities on page 12 and 2004 Statement of Activities on page 22, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are public works and public safety, which, in 2005 accounted for \$199,851 or 34.6 percent of all governmental disbursements, respectively. In 2004, these disbursements accounted for \$173,638 or 64.5 percent of all governmental disbursements. General government also represents a significant cost, about 6.6 percent in 2005 and 14.5 percent in 2004. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2005	2005	2004	2004
General Government	\$38,076	\$38,076	\$39,117	\$39,117
Public Safety	60,386	60,386	61,015	61,015
Public Works	139,465	50,707	112,623	47,695
Health	32,693	16,695	29,784	11,784
Human Services	200	200	50	50
Other	427	427	815	815
Capital Outlay	288,762	288,762	12,507	12,507
Principal Retirement	10,349	10,349	10,349	10,349
Interest and Fiscal Charges	6,597	6,597	3,107	3,107
Total Expenses	\$576,955	\$472,199	\$269,367	\$186,439

The dependence upon property tax receipts is apparent as over 19.8 percent of 2005 governmental activities and 46.1 percent of 2004 governmental activities are supported through these general receipts.

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Management’s Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(Unaudited)

The Township’s Funds

Total governmental funds had receipts of \$537,923 and disbursements of \$576,955 in 2005. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$15,392 as the result of contributions to the land purchase for the ball fields in 2005.

Total governmental funds had receipts of \$304,980 and disbursements of \$269,367 in 2004.

General Fund Budgeting Highlights

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

For the General Fund, final budgeted receipts for 2005 were \$55,420, representing a change of \$5,266 from the original budgeted receipts. The difference between final budgeted receipts and actual receipts was \$1,044. Most of the difference is due to an increase in state grants and entitlements.

General Fund final disbursements (excluding other sources and uses) were budgeted at \$43,227 for 2005 while actual disbursements were \$39,259. Final budgeted disbursements represent a change of \$2,424 from the original budgeted disbursements.

For the General Fund, final budgeted receipts for 2004 were \$65,976, representing a change of \$25,013 from the original budgeted receipts. The difference between final budgeted receipts and actual receipts was \$7,052.

General Fund final disbursements (excluding other sources and uses) were budgeted at \$58,790 for 2004 while actual disbursements were \$52,766. Final budgeted disbursements represent a change of \$14,782 from the original budgeted disbursements.

Debt Administration

At December 31, 2005, the Township had a total of \$298,188 in outstanding debt.

At December 31, 2004, the Township had a total of \$54,537 in outstanding debt. For further information regarding the Township’s debt, refer to Note 10 to the basic financial statements.

Current Issues

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

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Management’s Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(Unaudited)

Contacting the Township’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township’s finances and to reflect the Township’s accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Thomas Tucker, Clerk-Treasurer, Jackson Township, 1185 Hamby Hill Road, Frazeyburg, Ohio 43822.

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JACKSON TOWNSHIP, MUSKINGUM COUNTY

Statement of Net Assets - Modified Cash Basis

December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$91,635
Investments	0
<i>Total Assets</i>	<u><u>\$91,635</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$113
Debt Service	0
Other Purposes	64,109
Unrestricted	27,413
<i>Total Net Assets</i>	<u><u>\$91,635</u></u>

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
			Capital Grants and Contributions	Total Governmental Activities
Governmental Activities				
General Government	\$38,076	\$0	\$0	(\$38,076)
Public Safety	60,386	0	0	(60,386)
Public Works	139,465	0	88,758	(50,707)
Health	32,693	15,998	0	(16,695)
Human Services	200	0	0	(200)
Other	427	0	0	(427)
Capital Outlay	288,762	0	0	(288,762)
Debt Service:				
Principal	10,349	0	0	(10,349)
Interest	6,597	0	0	(6,597)
<i>Total Primary Government</i>	<u>\$576,955</u>	<u>\$15,998</u>	<u>\$88,758</u>	<u>\$0</u>
General Receipts				
Property Taxes				\$106,786
Special Assessments				7,228
Grants and Entitlements not Restricted to Specific Programs				44,718
Sale of Notes				254,000
Earnings on Investments				4,032
Miscellaneous				16,403
<i>Total General Receipts</i>				<u>433,167</u>
Change in Net Assets				(39,032)
<i>Net Assets Beginning of Year</i>				<u>130,667</u>
<i>Net Assets End of Year</i>				<u>\$91,635</u>

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	GENERAL FUND	GASOLINE TAX FUND	ROAD AND BRIDGE FUND	CEMETERY FUND
Assets				
Equity in Pooled Cash and Cash Equivalents	\$27,413	\$10,733	\$3,314	\$47,483
Investments	0	0	0	0
<i>Total Assets</i>	<u>\$27,413</u>	<u>\$10,733</u>	<u>\$3,314</u>	<u>\$47,483</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$556	\$1,574	\$323	\$727
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	26,857	0	0	0
Special Revenue Funds	0	9,159	2,991	46,756
Debt Service Fund	0	0	0	0
Capital Projects Funds	0	0	0	0
Permanent Fund	0	0	0	0
<i>Total Fund Balances</i>	<u>\$27,413</u>	<u>\$10,733</u>	<u>\$3,314</u>	<u>\$47,483</u>

(Continued)

JACKSON TOWNSHIP, MUSKINGUM COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005
(Continued)

	ROAD DISTRICT FUND	BALL FIELDS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,906	\$113	\$673	\$91,635
Investments	0	0	0	0
<i>Total Assets</i>	<u>\$1,906</u>	<u>\$113</u>	<u>\$673</u>	<u>\$97,658</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$0	\$0	\$0	\$3,180
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	0	0	0	26,857
Special Revenue Funds	1,906	0	673	61,485
Debt Service Fund	0	0	0	0
Capital Projects Funds	0	113	0	113
Permanent Fund	0	0	0	0
<i>Total Fund Balances</i>	<u>\$1,906</u>	<u>\$113</u>	<u>\$673</u>	<u>\$91,635</u>

See accompanying notes to the basic financial statements

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

	GENERAL FUND	GASOLINE TAX FUND	ROAD AND BRIDGE FUND	CEMETERY FUND	ROAD DISTRICT FUND	BALL FIELDS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts								
Property and Other Local Taxes	\$22,220	\$0	\$26,029	\$0	\$26,651	\$1,864	\$30,022	\$106,786
Licenses, Permits and Fees	0	0	0	14,600	0	0	0	14,600
Intergovernmental	20,486	80,691	6,023	1,398	4,769	0	21,507	134,874
Special Assessments	0	0	0	0	0	0	7,228	7,228
Earnings on Investments	3,064	737	0	0	0	0	231	4,032
Miscellaneous	10,694	0	0	5,500	0	0	209	16,403
Total Receipts	56,464	81,428	32,052	21,498	31,420	1,864	59,197	283,923
Disbursements								
Current:								
General Government	38,076	0	0	0	0	0	0	38,076
Public Safety	0	0	0	0	35,837	0	24,549	60,386
Public Works	0	87,635	39,264	0	0	0	12,566	139,465
Health	0	0	0	32,693	0	0	0	32,693
Human Services	200	0	0	0	0	0	0	200
Other	427	0	0	0	0	0	0	427
Capital Outlay	0	0	0	0	0	288,762	0	288,762
Debt Service:								
Principal Retirement	0	0	0	0	0	0	10,349	10,349
Interest and Fiscal Charges	0	0	0	0	0	3,989	2,608	6,597
Total Disbursements	38,703	87,635	39,264	32,693	35,837	292,751	50,072	576,955
Excess of Receipts Over (Under) Disbursements	17,761	(6,207)	(7,212)	(11,195)	(4,417)	(290,887)	9,125	(293,032)
Other Financing Sources (Uses)								
Sale of Notes	0	0	0	0	0	254,000	0	254,000
Transfers In	321	8,265	0	0	0	37,000	0	45,586
Transfers Out	(37,000)	0	0	0	0	0	(8,586)	(45,586)
Advances In	3,526	0	0	0	0	0	0	3,526
Advances Out	0	0	0	0	0	0	(3,526)	(3,526)
Total Other Financing Sources (Uses)	(33,153)	8,265	0	0	0	291,000	(12,112)	254,000
Net Change in Fund Balances	(15,392)	2,058	(7,212)	(11,195)	(4,417)	113	(2,987)	(39,032)
Fund Balances Beginning of Year	42,805	8,675	10,526	58,678	6,323	0	3,660	130,667
Fund Balances End of Year	\$27,413	\$10,733	\$3,314	\$47,483	\$1,906	\$113	\$673	\$91,635

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$23,934	\$22,220	\$22,220	\$0
Intergovernmental	19,920	19,682	20,486	804
Earnings on Investments	1,300	2,812	3,064	252
Miscellaneous	5,000	10,706	10,694	(12)
<i>Total Receipts</i>	<u>50,154</u>	<u>55,420</u>	<u>56,464</u>	<u>1,044</u>
Disbursements				
Current:				
General Government	39,303	41,227	38,632	2,595
Human Services	0	500	200	300
Other	1,500	1,500	427	1,073
<i>Total Disbursements</i>	<u>40,803</u>	<u>43,227</u>	<u>39,259</u>	<u>3,968</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,351</u>	<u>12,193</u>	<u>17,205</u>	<u>5,012</u>
Other Financing Sources (Uses)				
Transfers In	0	321	321	0
Transfers Out	(22,000)	(37,000)	(37,000)	0
Advances In	0	0	3,526	3,526
Advances Out	(1,500)	(1,500)	0	1,500
<i>Total Other Financing Sources (Uses)</i>	<u>(23,500)</u>	<u>(38,179)</u>	<u>(33,153)</u>	<u>5,026</u>
<i>Net Change in Fund Balance</i>	<u>(14,149)</u>	<u>(25,986)</u>	<u>(15,948)</u>	<u>10,038</u>
<i>Fund Balance Beginning of Year</i>	41,892	41,892	41,892	0
Prior Year Encumbrances Appropriated	913	913	913	0
<i>Fund Balance End of Year</i>	<u>\$28,656</u>	<u>\$16,819</u>	<u>\$26,857</u>	<u>\$10,038</u>

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Gasoline Tax Fund

For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$80,375	\$80,691	\$80,691	\$0
Earnings on Investments	125	651	737	86
<i>Total Receipts</i>	<u>80,500</u>	<u>81,342</u>	<u>81,428</u>	<u>86</u>
Disbursements				
Current:				
Public Works	85,879	93,797	89,209	4,588
<i>Total Disbursements</i>	<u>85,879</u>	<u>93,797</u>	<u>89,209</u>	<u>4,588</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,379)</u>	<u>(12,455)</u>	<u>(7,781)</u>	<u>4,674</u>
Other Financing Sources (Uses)				
Transfers In	0	8,265	8,265	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>8,265</u>	<u>8,265</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(5,379)</u>	<u>(4,190)</u>	<u>484</u>	<u>4,674</u>
<i>Fund Balance Beginning of Year</i>	<u>7,371</u>	<u>7,371</u>	<u>7,371</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>1,304</u>	<u>1,304</u>	<u>1,304</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,296</u>	<u>\$4,485</u>	<u>\$9,159</u>	<u>\$4,674</u>

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Road and Bridge Fund

For the Year Ended December 31, 2005

	<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	\$29,106	\$26,029	\$26,029	\$0
Intergovernmental	3,700	3,700	4,837	1,137
Miscellaneous	2,000	2,372	1,186	(1,186)
<i>Total Receipts</i>	<u>34,806</u>	<u>32,101</u>	<u>32,052</u>	<u>(49)</u>
Disbursements				
Current:				
Public Works	44,559	40,064	39,588	476
<i>Total Disbursements</i>	<u>44,559</u>	<u>40,064</u>	<u>39,588</u>	<u>476</u>
<i>Net Change in Fund Balance</i>	(9,753)	(7,963)	(7,536)	427
<i>Fund Balance Beginning of Year</i>	10,440	10,440	10,440	0
Prior Year Encumbrances Appropriated	<u>86</u>	<u>86</u>	<u>86</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$773</u>	<u>\$2,563</u>	<u>\$2,991</u>	<u>\$427</u>

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Cemetery Fund

For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$2,500	\$2,500	\$0	(\$2,500)
Licenses, Permits and Fees	14,800	16,700	14,600	(2,100)
Intergovernmental	0	0	1,398	1,398
Miscellaneous	4,500	5,500	5,500	0
<i>Total Receipts</i>	<u>21,800</u>	<u>24,700</u>	<u>21,498</u>	<u>(3,202)</u>
Disbursements				
Current:				
Health	34,019	40,866	33,420	7,446
Capital Outlay	5,000	1,500	0	1,500
<i>Total Disbursements</i>	<u>39,019</u>	<u>42,366</u>	<u>33,420</u>	<u>8,946</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,219)</u>	<u>(17,666)</u>	<u>(11,922)</u>	<u>5,744</u>
Other Financing Sources (Uses)				
Transfers Out	<u>0</u>	<u>(572)</u>	<u>0</u>	<u>572</u>
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(572)</u>	<u>0</u>	<u>572</u>
<i>Net Change in Fund Balance</i>	(17,219)	(18,238)	(11,922)	6,316
<i>Fund Balance Beginning of Year</i>	58,276	58,276	58,276	0
Prior Year Encumbrances Appropriated	<u>402</u>	<u>402</u>	<u>402</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$41,459</u>	<u>\$40,440</u>	<u>\$46,756</u>	<u>\$6,316</u>

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Road District Fund

For the Year Ended December 31, 2005

	<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	\$29,216	\$26,079	\$26,651	\$572
Intergovernmental	2,600	1,099	4,769	3,670
Miscellaneous	1,200	2,434	0	(2,434)
<i>Total Receipts</i>	<u>33,016</u>	<u>29,612</u>	<u>31,420</u>	<u>1,808</u>
Disbursements				
Current:				
Public Safety	39,000	35,900	35,837	63
<i>Total Disbursements</i>	<u>39,000</u>	<u>35,900</u>	<u>35,837</u>	<u>63</u>
<i>Net Change in Fund Balance</i>	(5,984)	(6,288)	(4,417)	1,871
<i>Fund Balance Beginning of Year</i>	6,323	6,323	6,323	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$339</u>	<u>\$35</u>	<u>\$1,906</u>	<u>\$1,871</u>

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY

Statement of Net Assets - Modified Cash Basis

December 31, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$130,667
Investments	0
<i>Total Assets</i>	<u><u>\$130,667</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$0
Debt Service	0
Other Purposes	87,863
Unrestricted	42,804
<i>Total Net Assets</i>	<u><u>\$130,667</u></u>

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2004

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Assets
					Total Governmental Activities
Governmental Activities					
General Government	\$39,117	\$0	\$0	\$0	(\$39,117)
Public Safety	61,015	0	0	0	(61,015)
Public Works	112,623	0	64,928	0	(47,695)
Health	29,784	18,000	0	0	(11,784)
Human Services	50	0	0	0	(50)
Other	815	0	0	0	(815)
Capital Outlay	12,507	0	0	0	(12,507)
Debt Service:					
Principal	10,349	0	0	0	(10,349)
Interest	3,107	0	0	0	(3,107)
<i>Total Primary Government</i>	<u>\$269,367</u>	<u>\$18,000</u>	<u>\$64,928</u>	<u>\$0</u>	<u>(\$186,439)</u>
General Receipts					
Property Taxes					\$140,762
Special Assessments					3,426
Grants and Entitlements not Restricted to Specific Programs					71,045
Earnings on Investments					1,658
Miscellaneous					5,161
<i>Total General Receipts</i>					<u>222,052</u>
Change in Net Assets					35,613
<i>Net Assets Beginning of Year</i>					<u>95,054</u>
<i>Net Assets End of Year</i>					<u><u>\$130,667</u></u>

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	GENERAL FUND	GASOLINE TAX FUND	ROAD AND BRIDGE FUND	CEMETERY FUND
Assets				
Equity in Pooled Cash and Cash Equivalents	\$42,805	\$8,675	\$10,526	\$58,678
Investments	0	0	0	0
<i>Total Assets</i>	<u>\$42,805</u>	<u>\$8,675</u>	<u>\$10,526</u>	<u>\$58,678</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$913	\$1,304	\$86	\$402
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	41,892	0	0	0
Special Revenue Funds	0	7,371	10,440	58,276
<i>Total Fund Balances</i>	<u>\$42,805</u>	<u>\$8,675</u>	<u>\$10,526</u>	<u>\$58,678</u>

(Continued)

JACKSON TOWNSHIP, MUSKINGUM COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004
(Continued)

	ROAD DISTRICT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets			
Equity in Pooled Cash and Cash Equivalents	\$6,323	\$3,660	\$130,667
Investments	0	0	0
<i>Total Assets</i>	<u>\$6,323</u>	<u>\$3,660</u>	<u>\$130,667</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$0	\$0	\$2,705
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	0	0	41,892
Special Revenue Funds	6,323	3,660	86,070
<i>Total Fund Balances</i>	<u>\$6,323</u>	<u>\$3,660</u>	<u>\$130,667</u>

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	GENERAL FUND	GASOLINE TAX FUND	ROAD AND BRIDGE FUND	CEMETERY FUND	ROAD DISTRICT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts							
Property and Other Local Taxes	\$22,924	\$0	\$30,050	\$24,372	\$30,822	\$32,594	\$140,762
Licenses, Permits and Fees	0	0	0	13,700	0	0	13,700
Intergovernmental	44,408	64,928	6,081	3,769	5,047	11,740	135,973
Special Assessments	0	0	0	0	0	3,426	3,426
Earnings on Investments	1,309	264	0	0	0	85	1,658
Miscellaneous	4,387	0	774	4,300	0	0	9,461
Total Receipts	73,028	65,192	36,905	46,141	35,869	47,845	304,980
Disbursements							
Current:							
General Government	39,117	0	0	0	0	0	39,117
Public Safety	0	0	0	0	34,113	26,902	61,015
Public Works	0	67,338	38,807	0	0	6,478	112,623
Health	0	0	0	29,784	0	0	29,784
Human Services	50	0	0	0	0	0	50
Other	815	0	0	0	0	0	815
Capital Outlay	11,871	0	0	636	0	0	12,507
Debt Service:							
Principal Retirement	0	0	0	0	0	10,349	10,349
Interest and Fiscal Charges	0	0	0	0	0	3,107	3,107
Total Disbursements	51,853	67,338	38,807	30,420	34,113	46,836	269,367
Excess of Receipts Over (Under) Disbursements	21,175	(2,146)	(1,902)	15,721	1,756	1,009	35,613
Other Financing Sources (Uses)							
Transfers In	0	336	11,837	338	0	0	12,511
Transfers Out	(12,511)	0	0	0	0	0	(12,511)
Advances In	2,759	0	0	0	0	2,692	5,451
Advances Out	(2,692)	(500)	0	0	0	(2,259)	(5,451)
Total Other Financing Sources (Uses)	(12,444)	(164)	11,837	338	0	433	0
Net Change in Fund Balances	8,731	(2,310)	9,935	16,059	1,756	1,442	35,613
Fund Balances Beginning of Year	34,074	10,985	591	42,619	4,567	2,218	95,054
Fund Balances End of Year	\$42,805	\$8,675	\$10,526	\$58,678	\$6,323	\$3,660	\$130,667

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$22,702	\$22,702	\$22,924	\$222
Intergovernmental	16,791	37,275	44,408	7,133
Earnings on Investments	770	181	1,309	1,128
Miscellaneous	700	5,818	4,387	(1,431)
<i>Total Receipts</i>	<u>40,963</u>	<u>65,976</u>	<u>73,028</u>	<u>7,052</u>
Disbursements				
Current:				
General Government	42,508	44,119	40,030	4,089
Human Services	0	1,300	50	1,250
Other	1,500	1,500	815	685
Capital Outlay	0	11,871	11,871	0
<i>Total Disbursements</i>	<u>44,008</u>	<u>58,790</u>	<u>52,766</u>	<u>6,024</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,045)</u>	<u>7,186</u>	<u>20,262</u>	<u>13,076</u>
Other Financing Sources (Uses)				
Transfers Out	(5,000)	(15,000)	(12,511)	2,489
Advances In	0	0	2,759	2,759
Advances Out	0	0	(2,692)	(2,692)
<i>Total Other Financing Sources (Uses)</i>	<u>(5,000)</u>	<u>(15,000)</u>	<u>(12,444)</u>	<u>2,556</u>
<i>Net Change in Fund Balance</i>	<u>(8,045)</u>	<u>(7,814)</u>	<u>7,818</u>	<u>15,632</u>
<i>Fund Balance Beginning of Year</i>	<u>21,799</u>	<u>21,799</u>	<u>21,799</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>12,275</u>	<u>12,275</u>	<u>12,275</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$26,029</u>	<u>\$26,260</u>	<u>\$41,892</u>	<u>\$15,632</u>

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$72,000	\$47,000	\$64,928	\$17,928
Earnings on Investments	135	135	264	129
<i>Total Receipts</i>	72,135	47,135	65,192	18,057
Disbursements				
Current:				
Public Works	78,730	66,230	68,642	(2,412)
<i>Total Disbursements</i>	78,730	66,230	68,642	(2,412)
<i>Excess of Receipts Over (Under) Disbursements</i>	(6,595)	(19,095)	(3,450)	15,645
Other Financing Sources (Uses)				
Transfers In	0	0	336	336
Advances Out	0	0	(500)	(500)
<i>Total Other Financing Sources (Uses)</i>	0	0	(164)	(164)
<i>Net Change in Fund Balance</i>	(6,595)	(19,095)	(3,614)	15,481
<i>Fund Balance Beginning of Year</i>	7,676	7,676	7,676	0
Prior Year Encumbrances Appropriated	3,309	3,309	3,309	0
<i>Fund Balance End of Year</i>	\$4,390	(\$8,110)	\$7,371	\$15,481

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM 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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$29,554	\$27,934	\$30,050	\$2,116
Intergovernmental	2,200	2,120	6,081	3,961
Miscellaneous	0	1,700	774	(926)
<i>Total Receipts</i>	31,754	31,754	36,905	5,151
Disbursements				
Current:				
Public Works	30,085	50,334	38,894	11,440
<i>Total Disbursements</i>	30,085	50,334	38,894	11,440
<i>Excess of Receipts Over (Under) Disbursements</i>	1,669	(18,580)	(1,989)	16,591
Other Financing Sources (Uses)				
Transfers In	0	11,500	11,838	338
<i>Total Other Financing Sources (Uses)</i>	0	11,500	11,838	338
<i>Net Change in Fund Balance</i>	1,669	(7,080)	9,849	16,929
<i>Fund Balance Beginning of Year</i>	336	336	336	0
Prior Year Encumbrances Appropriated	255	255	255	0
<i>Fund Balance End of Year</i>	\$2,260	(\$6,489)	\$10,440	\$16,929

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Cemetery Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$21,321	\$23,021	\$24,372	\$1,351
Licenses, Permits and Fees	7,500	7,500	13,700	6,200
Intergovernmental	2,130	2,130	3,769	1,639
Miscellaneous	6,500	4,800	4,300	(500)
<i>Total Receipts</i>	<u>37,451</u>	<u>37,451</u>	<u>46,141</u>	<u>8,690</u>
Disbursements				
Current:				
Health	32,090	33,340	30,187	3,153
Capital Outlay	5,800	5,800	636	5,164
<i>Total Disbursements</i>	<u>37,890</u>	<u>39,140</u>	<u>30,823</u>	<u>8,317</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(439)</u>	<u>(1,689)</u>	<u>15,318</u>	<u>17,007</u>
Other Financing Sources (Uses)				
Transfers In	0	0	338	338
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>338</u>	<u>338</u>
<i>Net Change in Fund Balance</i>	(439)	(1,689)	15,656	17,345
<i>Fund Balance Beginning of Year</i>	42,077	42,077	42,077	0
Prior Year Encumbrances Appropriated	543	543	543	0
<i>Fund Balance End of Year</i>	<u>\$42,181</u>	<u>\$40,931</u>	<u>\$58,276</u>	<u>\$17,345</u>

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP, MUSKINGUM COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road District Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$25,643	\$28,170	\$30,822	\$2,652
Intergovernmental	4,120	2,477	5,047	2,570
Miscellaneous	1,750	866	0	(866)
<i>Total Receipts</i>	31,513	31,513	35,869	4,356
Disbursements				
Current:				
Public Safety	31,900	31,900	34,113	(2,213)
<i>Total Disbursements</i>	31,900	31,900	34,113	(2,213)
<i>Net Change in Fund Balance</i>	(387)	(387)	1,756	2,143
<i>Fund Balance Beginning of Year</i>	454	454	454	0
Prior Year Encumbrances Appropriated	4,113	4,113	4,113	0
<i>Fund Balance End of Year</i>	\$4,180	\$4,180	\$6,323	\$2,143

See accompanying notes to the basic financial statements

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 1 – Reporting Entity

The Jackson Township, Muskingum County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Clerk.

The reporting entity is comprised of the primary government.

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 Frazeyburg Volunteer Fire Department for fire protection. The Muskingum County Sheriff provides police protection at no cost to the Township.

The Township participates in the Ohio Government Risk Management Plan (the "Plan"), a public entity risk-sharing pool. Note 11 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no Business-type activities.

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 2 – Summary of Significant Accounting Policies (continued)

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 or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Governmental funds focus on the sources, uses, and balances of current financial resources.

The following is the Township's major governmental funds:

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

Gasoline Tax Fund – This fund is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the state. The Township uses the Gasoline Tax Fund for the repair and maintenance of Township roads.

Road and Bridge Fund – This fund is comprised of taxes designated for constructing, maintaining and repairing Township roads and bridges

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 2 – Summary of Significant Accounting Policies (continued)

Road District Fund – This fund is comprised of taxes designated for, maintaining and repairing Township roads

Cemetery Fund – This fund is comprised of taxes, fees and revenues from lot sales designated for operating Township cemeteries.

Jackson Township Ball Fields Fund – This fund is comprised of debt proceeds, grants and donations for acquiring land for to be used for recreation purposes.

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. 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.

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

D. Budgetary Process

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

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

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

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 2 – Summary of Significant Accounting Policies (continued)

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

E. Cash and Investments

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

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

During 2005 and 2004, the Township invested in STAROhio. STAROhio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on December 31, 2005 and 2004.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$3,064 which includes immaterial amounts assigned from other Township funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

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

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 2 – Summary of Significant Accounting Policies (continued)

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-Term Obligations

The Township's 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 are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for special levies, state grants debt requirements.

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.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

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

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

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

Change in Basis of Accounting

Previously, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2005 and 2004, the Township has implemented the modified cash basis of accounting described in Note 2. For 2005 and 2004, the Township has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments," GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus," GASB Statement No. 38 "Certain Financial Statement Note Disclosures," GASB Statement No. 40, "Deposit and Investment Risk Disclosures." The implementation of GASB Statement No. 40 had some effect on the disclosure requirements; however, there was no effect on the prior period fund balances of the Township. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, and the Road District Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances which are treated as disbursements on the budgetary basis rather than as a reservation of fund balance on the modified cash basis: The encumbrances outstanding at year end (budgetary basis) amounted to \$556 for the General Fund and \$2,624 for the major special revenue funds at December 31, 2005. The encumbrances outstanding at year end (budgetary basis) amounted to \$913 for the General Fund and \$2,625 for the major special revenue funds at December 31, 2004.

Note 5 – Deposits and Investments

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

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

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

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

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 5 - 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 (STAROhio).

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.

Deposits

The Township has no investment 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 – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 5 - Deposits and Investments (continued)

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

At December 31, 2005, the carrying amount of all Township deposits was \$3,179 and the Township's bank balance was 88,456.

At December 31, 2004, the carrying amount of all Township deposits was \$2,128 and the Township's bank balance was 19,879.

The Townships balances were completely covered by Federal Deposit Insurance.

Investments

As of December 31, 2005, the Township had investments in STAROhio of \$88,456 and as of December 31, 2004 the Township had investments in STAROhio of \$128,539.

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 does not address interest rate risk.

STAROhio 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 STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 6– Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$6.85 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 Agr/Res	\$24,594,140
Other	2,459,130
General Personal	1,273,412
PU Personal Property	5,455,940
Total Assessed Value	<u>\$33,782,622</u>

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 7 – 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. During 2005 the Township contracted with the Ohio Government Risk Management Plan (the "Plan"), a risk sharing pool available to Ohio Townships. The Plan provides property and casualty coverage for its members. The Plan is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund the Plan, pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by the Plan is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	2,000,000	Per Occurrence
Property	647,214	Total Coverage
Boiler and Machinery	209,529	Limit

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.

The Township does not provide health, dental or vision insurance coverage to officials or employees.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 8 – Defined Benefit Pension Plan (continued)

For the year ended December 31, 2005, the members participating in the traditional plan were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2004, the members participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2004 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional plan for the years ended December 31, 2005, and, 2004 were \$8,842 and \$8,103 respectively. The full amount has been contributed for 2005, and 2004.

Note 9 - Postemployment 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 Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

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

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

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 9 - Postemployment Benefits (continued)

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$3,703. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$3,394. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 10 - Notes Payable

A summary of the note transactions for the year ended December 31, 2005, follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
<u>Governmental Activities</u>					
<u>G.O. Bond Anticipation Note - Land Purchase</u>	5.0%	\$0	\$254,000	\$0	\$254,000
<u>General Obligation Notes – Grader</u>	4.5%	37,778	0	7,556	30,222
<u>Special Assessment Notes</u>	5.5%	16,759	0	2,793	13,966
Total		<u>\$54,537</u>	<u>\$254,000</u>	<u>\$10,349</u>	<u>\$298,188</u>

The Bond Anticipation Note was issued to help finance the purchase of land to be used for recreation and is due within one year. All note proceeds had been spent at December 31, 2005. The bond anticipation note is backed by the full faith and credit of the Township and matures within one year. It is not included in the amortization schedule below.

The General Obligation Notes were issued to finance the purchase of a new motor grader to be used for Township road maintenance. The notes are collateralized solely by the Township's taxing authority.

The Special Assessment Notes were issued to finance improvements to Hi-Lo Drive. Repayment of the debt will be made from assessments collected from residents.

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

Year	G.O. Notes	
	Principal	Interest
2006	\$10,349	\$2,974
2007	10,349	2,634
2008	10,349	2,294
2009	10,349	1,954
2010	2,792	1,614
Totals	<u>\$44,188</u>	<u>\$11,470</u>

JACKSON TOWNSHIP – MUSKINGUM COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 11 Risk Pool Membership

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

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

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

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

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

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

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

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

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Auditor of State Betty Montgomery

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

Thomas Tucker, Fiscal Officer
Jackson Township
Muskingum County
11895 Hamby Hill Road
Fazeysburg, Ohio 43822

To the Board of Township Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 8, 2006, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. We also noted the Township's financial transactions were processed using 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 conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated August 8, 2006, we reported an other matter involving the internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Township's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Township's management dated August 8, 2006, we reported other matters related to noncompliance we deemed immaterial.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

Jackson Township
Muskingum County
Independent Accountant's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 8, 2006

**JACKSON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003--001	The estimated revenues certified by the budget commission should be posted to the Township's ledgers	No	Substantially improved – downgraded to a Management Letter item.
2003-002	Ohio Rev. Code Section 505.24 – Payment of the Trustee's benefits should be paid from the same fund as their salaries.	Yes	
2003-003	Ohio Rev. Code Section 5705.41(B) – Expenditures exceeded appropriations	No	Substantially improved - downgraded to a Management Letter item.
2003-004	Ohio Rev. Code Section 5705.36 – The Township should obtain amended certificates of estimated resources when fund are available and before the monies are appropriated or spent.	Yes	
2003-005	The appropriations passed by the board and filed with the county auditor should be posted to the Township's ledgers	No	Substantially improved – downgraded to a Management Letter item.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

JACKSON TOWNSHIP

MUSKINGUM 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
OCTOBER 19, 2006**