

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2004 and 2003

ALMA BENNETT, CLERK



**Auditor of State
Betty Montgomery**

Board of Trustees
Jackson Township
3756 Hoover Road
Grove City, Ohio 43123

We have reviewed the *Independent Accountants' Report* of Jackson Township, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 15, 2005

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**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

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JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Independent Accountants' Report

Board of Trustees
Jackson Township, Franklin County
3756 Hoover Road
Grove City, Ohio 43123

We have audited the accompanying financial statements of Jackson Township, Franklin County, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of Jackson Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, Jackson Township prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Jackson Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of Jackson Township, Franklin County as of December 31, 2004 and December 31, 2003, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

Independent Accountants' Report
Jackson Township, Franklin County
Page Two

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2005, on our consideration of Jackson 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a flourish at the end.

Julian & Grube, Inc.
July 22, 2005

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2004 AND 2003

<u>Cash and Cash Equivalents</u>	<u>2004</u>	<u>2003</u>
Cash and Cash Equivalents	\$ 3,707,722	\$ 3,925,061
Total Cash and Cash Equivalents	<u>\$ 3,707,722</u>	<u>\$ 3,925,061</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 1,726,616	\$ 1,713,530
Special Revenue Funds	<u>1,686,922</u>	<u>2,052,008</u>
Total Governmental Fund Types	<u>3,413,538</u>	<u>3,765,538</u>
 <u>Proprietary Fund Type:</u>		
Internal Service Funds	<u>286,842</u>	<u>154,299</u>
 <u>Fiduciary Fund Type:</u>		
Agency Funds	<u>7,342</u>	<u>5,224</u>
Total Fund Balances	<u>\$ 3,707,722</u>	<u>\$ 3,925,061</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 553,233	\$ 7,830,649	\$ 8,383,882
Intergovernmental	236,515	1,022,722	1,259,237
Licenses, permits and fees	281,217	12,865	294,082
Interest	46,063	3,619	49,682
Donations and contributions	-	2,353	2,353
Miscellaneous	41,754	65,534	107,288
Total cash receipts	<u>1,158,782</u>	<u>8,937,742</u>	<u>10,096,524</u>
Cash disbursements:			
Current:			
Public safety	-	8,489,332	8,489,332
Public works	13,539	308,076	321,615
General government	659,488	-	659,488
Capital outlay	472,669	505,420	978,089
Total cash disbursements	<u>1,145,696</u>	<u>9,302,828</u>	<u>10,448,524</u>
Total cash receipts over/(under) cash disbursements	13,086	(365,086)	(352,000)
Cash fund balances, January 1, 2004	<u>1,713,530</u>	<u>2,052,008</u>	<u>3,765,538</u>
Cash fund balances, December 31, 2004	<u>\$ 1,726,616</u>	<u>\$ 1,686,922</u>	<u>\$ 3,413,538</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE AND
SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Internal Service	Agency	
Operating cash receipts:			
Charges for services	\$ 1,244,883	\$ -	\$ 1,244,883
Total operating cash receipts	1,244,883	-	1,244,883
Operating cash disbursements:			
Employee fringe benefits	1,115,109	-	1,115,109
Total operating cash disbursements	1,115,109	-	1,115,109
Operating income	129,774	-	129,774
Nonoperating cash receipts/(disbursements):			
Interest	2,769	-	2,769
Other financing sources	-	26,140	26,140
Other financing uses	-	(24,022)	(24,022)
Total nonoperating cash receipts/(disbursements)	2,769	2,118	4,887
Net cash receipts over disbursements	132,543	2,118	134,661
Cash fund balances, January 1, 2004	154,299	5,224	159,523
Cash fund balances, December 31, 2004	\$ 286,842	\$ 7,342	\$ 294,184

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2004 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2004 Appropriations	Total	Actual 2004 Disbursements	Encumbrances Outstanding at 12/31/04	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 1,351,660	\$ 1,036,049	\$ 2,387,709	\$ 1,158,782	\$ 122,733	\$ 361,870	\$ 2,387,709	\$ 2,749,579	\$ 1,145,696	\$ 176,825	\$ 1,322,521	\$ 1,427,058
Special Revenue	1,652,391	9,098,140	10,750,531	8,937,742	(160,398)	399,617	10,750,529	11,150,146	9,302,828	197,066	9,499,894	1,650,252
Proprietary:												
Internal Service	224,603	1,200,000	1,424,603	1,247,652	47,652	1,046	1,424,603	1,425,649	1,115,109	-	1,115,109	310,540
Total (Memorandum Only)	<u>\$ 3,228,654</u>	<u>\$ 11,334,189</u>	<u>\$ 14,562,843</u>	<u>\$ 11,344,176</u>	<u>\$ 9,987</u>	<u>\$ 762,533</u>	<u>\$ 14,562,841</u>	<u>\$ 15,325,374</u>	<u>\$ 11,563,633</u>	<u>\$ 373,891</u>	<u>\$ 11,937,524</u>	<u>\$ 3,387,850</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 549,857	\$ 8,069,248	\$ 8,619,105
Intergovernmental	252,031	1,048,013	1,300,044
Licenses, permits and fees	214,917	9,490	224,407
Interest	44,618	3,258	47,876
Miscellaneous	38,705	49,699	88,404
Total cash receipts	<u>1,100,128</u>	<u>9,179,708</u>	<u>10,279,836</u>
Cash disbursements:			
Current:			
Public safety	-	8,172,268	8,172,268
Public works	148,152	163,282	311,434
General government	982,714	-	982,714
Capital outlay	184,415	589,162	773,577
Total cash disbursements	<u>1,315,281</u>	<u>8,924,712</u>	<u>10,239,993</u>
Total cash receipts over/(under) cash disbursements	(215,153)	254,996	39,843
Cash fund balances, January 1, 2003 (restated)	<u>1,928,683</u>	<u>1,797,012</u>	<u>3,725,695</u>
Cash fund balances, December 31, 2003	<u>\$ 1,713,530</u>	<u>\$ 2,052,008</u>	<u>\$ 3,765,538</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE AND
SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Internal Service	Agency	
Operating cash receipts:			
Charges for services	1,230,346	\$ -	\$ 1,230,346
Total operating cash receipts	1,230,346	-	1,230,346
Operating cash disbursements:			
Employee fringe benefits	1,369,345	-	1,369,345
Total operating cash disbursements	1,369,345	-	1,369,345
Operating (loss)	(138,999)	-	(138,999)
Nonoperating cash receipts/(disbursements):			
Interest	2,200	-	2,200
Other financing sources	-	11,499	11,499
Other financing uses	-	(13,305)	(13,305)
Total nonoperating cash receipts/(disbursements)	2,200	(1,806)	394
Net cash receipts under cash disbursements	(136,799)	(1,806)	(138,605)
Cash fund balances, January 1, 2003	291,098	7,030	298,128
Cash fund balances, December 31, 2003	\$ 154,299	\$ 5,224	\$ 159,523

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 1,875,943	\$ 962,410	\$ 2,838,353	\$ 1,100,128	\$ 137,718	\$ 52,740	\$ 2,838,353	\$ 2,891,093	\$ 1,315,281	\$ 361,870	\$ 1,677,151	\$ 1,213,942
Special Revenue	1,609,715	8,985,738	10,595,453	9,179,708	193,970	187,297	10,595,453	10,782,750	8,924,712	399,617	9,324,329	1,458,421
Proprietary:												
Internal Service	245,677	1,155,000	1,400,677	1,232,546	77,546	45,421	1,400,676	1,446,097	1,369,345	1,046	1,370,391	75,706
Total (Memorandum Only)	\$ 3,731,335	\$ 11,103,148	\$ 14,834,483	\$ 11,512,382	\$ 409,234	\$ 285,458	\$ 14,834,482	\$ 15,119,940	\$ 11,609,338	\$ 762,533	\$ 12,371,871	\$ 2,748,069

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 1 - DESCRIPTION OF THE ENTITY

Jackson Township (“the Township”) is a body corporate and politic 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 provides general governmental services, including road maintenance, fire protection, and emergency medical services.

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

The most significant of the Township’s accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Township are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Township.

GOVERNMENTAL FUND TYPES

General Fund

The general fund is used to account for all activities of the Township not required to be included 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.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than from trust or for capital projects) that are legally restricted to expenditure for specific purposes.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Township had the following significant Special Revenue Fund:

Fire District Fund - This fund receives property tax revenue and other intergovernmental revenue for maintaining and operating the Township fire department.

Proprietary Fund

Proprietary funds are used to account for the Township's business-type activities. The Township had the following significant Proprietary Fund:

Internal Service Fund - This fund receives monies from other funds to pay for health, vision, and life insurance benefits.

Fiduciary Fund

Fiduciary funds are used to account for resources for which the Township is acting in an agent capacity. The Township had the following significant Agency Fund:

Agency Fund - This fund accounts for the activities of the Township's Internal Revenue Code Section 125 Flexible Spending Account.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Township Trustees.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Township legally adopted several supplemental appropriations during 2004 and 2003.

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated. The Township had outstanding encumbrances at December 31, 2004 and 2003.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held is credited to its respective funds. Interest income earned and received by the Township totaled \$52,451 and \$50,076 for the years ended December 31, 2004 and 2003, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

G. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - PRIOR PERIOD ADJUSTMENT

The Township is restating its General fund balances and cash at January 1, 2003. The prior period adjustment is due to prior year audit including cash that was not held by the Township. The prior period adjustment above had the following effects on the Township's fund balances and cash.

	<u>General Fund Cash and Fund Balance</u>	<u>Township's Cash</u>
Balance 01/01/03	\$ 1,932,683	\$ 4,027,823
Prior Period Adjustment	<u>(4,000)</u>	<u>(4,000)</u>
Restated Balances 01/01/03	<u>\$ 1,928,683</u>	<u>\$ 4,023,823</u>

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2004</u>	<u>2003</u>
Deposits:		
Demand Deposits	\$ <u>3,707,722</u>	\$ <u>3,925,061</u>
Total Cash and Cash Equivalents	\$ <u>3,707,722</u>	\$ <u>3,925,061</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. 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 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

NOTE 6 - RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Township's Fire and Emergency Medical Services employees belong to the Police & Firemen's Disability & Pension Funds (OP&F).

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 6 - RETIREMENT SYSTEMS - (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OPERS members contribute 8.5% of their gross salaries. The Township contributes an amount equal to 13.55% of participants' gross salaries. For 2004 and 2003, the Township paid the employee (10%) and employer portion (24.84%) of the OP&F retirement contributions. The Township has paid all contributions required through December 31, 2004 and 2003.

NOTE 7 - RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Public official's liability; and
- Errors and omissions.

Health, Vision and Life

The Township provides health, vision, and life insurance to its employees through a benefits management agreement by and between the Township and Medical Benefits Administrators, Inc., a third party administrator (TPA), a subsidiary of Medical Benefits Mutual Life Insurance, Co., dated May 1, 1998. The agreement is renewed annually. The plan is funded by employee payroll deductions and Township contributions. The total plan contributions, employee and employer portions, are determined on "expected claims". Actual claims are processed and deducted from the Township contributions to date. Any remaining contribution balance within the account is considered "reserves" which are planned for claims yet unreported, but expected. All contributions are deposited to a money market account. Claims over \$20,000 per occurrence are covered through a stop-loss company hired by the TPA. The money market account with a reserve balance, governed by Medical Benefits Administrators, Inc., MedCheck Service Agreement balance totaled \$286,842 at December 31, 2004 and \$154,299 at December 31, 2003. Participant claims are paid from another checking account by the plan administrator. All financial activity of the self-funding insurance is recorded in the Internal Service fund of the Township.

The Township also provides dental coverage to full-time employees through a private carrier.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 8 - CONTINGENT LIABILITY

LITIGATION

The Township is not currently involved in any litigation.

JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West
Westerville, Ohio 43082

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters as Required by *Government Auditing Standards*

Board of Trustees
Jackson Township, Franklin County
3756 Hoover Road
Grove City, Ohio 43123

We have audited the financial statements of Jackson Township (the “Township”), Franklin County, Ohio, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 22, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. In addition, as described in Note 3, the Township has restated its General Fund balance and cash balance as of January 1, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township’s internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Township in a separate letter dated July 22, 2005.

Board of Trustees
Jackson Township

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 test disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. However, we noted other certain immaterial instances of noncompliance and other matters that we have reported to the management of the Township in a separate letter dated July 22, 2005.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
July 22, 2005



**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

FRANKLIN 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 27, 2005**