



JACKSON TOWNSHIP, JACKSON COUNTY

Regular Audit

For the Years Ended December 31, 2005 and 2004

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





**Auditor of State
Betty Montgomery**

Board of Trustees
Jackson Township
538 Sparks Road
Ray, Ohio 45672

We have reviewed the *Independent Auditor's Report* of Jackson Township, Jackson County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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 Auditor's 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 Auditor's 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.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

June 26, 2006

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Independent Auditor's Report

Board of Trustees
Jackson Township, Jackson County
538 Sparks Road
Ray, Ohio 45672

We have audited the accompanying financial statements of Jackson Township, Jackson County as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 2 the Township had 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 years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 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 years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Board of Trustees
Jackson Township, Jackson County
Independent Auditor's Report

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

As described in Note 3, the Township has implemented new disclosures for cash and investments, as required by the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, as of December 31, 2004.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 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 a report dated March 16, 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 grants. While we do 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* and should be read in conjunction with this report when considering the results of our audit.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

March 16, 2006

JACKSON TOWNSHIP, JACKSON COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2005

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<u>Cash Receipts:</u>				
Local Taxes	\$27,598	\$0	\$0	\$27,598
Intergovernmental	46,356	91,729	90,144	228,229
Earnings on Investments	972	1,819	0	2,791
Other Revenue	3,455	0	0	3,455
Total Cash Receipts	78,381	93,548	90,144	262,073
<u>Cash Disbursements:</u>				
<i>Current:</i>				
General Government	63,956	0	0	63,956
Public Safety	8,944	0	0	8,944
Public Works	600	89,632	0	90,232
Health	1,472	0	0	1,472
Capital Outlay	0	0	91,612	91,612
Total Cash Disbursements	74,972	89,632	91,612	256,216
Total Cash Receipts Over/(Under) Cash Disbursements	3,409	3,916	(1,468)	5,857
Fund Cash Balances, January 1	113,647	184,401	88,295	386,343
<i>Fund Cash Balances, December 31</i>	<u><u>\$117,056</u></u>	<u><u>\$188,317</u></u>	<u><u>\$86,827</u></u>	<u><u>\$392,200</u></u>

See accompanying notes to the financial statements.

JACKSON TOWNSHIP, JACKSON COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
Fiduciary Fund Type
For the Year Ended December 31, 2005

	Fiduciary Fund Type
	Nonexpendable Trust
<u>Operating Cash Receipts:</u>	
Earnings on Investments	\$59
Total Cash Receipts	59
Fund Cash Balance, January 1	4,313
<i>Fund Cash Balance, December 31</i>	\$4,372

See accompanying notes to the financial statements.

JACKSON TOWNSHIP, JACKSON COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2004

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<u>Cash Receipts:</u>				
Local Taxes	\$27,016	\$0	\$0	\$27,016
Intergovernmental	44,519	82,598	99,505	226,622
Earnings on Investments	978	1,747	0	2,725
Other Revenue	3,289	0	0	3,289
Total Cash Receipts	75,802	84,345	99,505	259,652
<u>Cash Disbursements:</u>				
<i>Current:</i>				
General Government	64,188	0	0	64,188
Public Safety	3,700	0	0	3,700
Public Works	500	79,862	0	80,362
Health	3,348	0	0	3,348
Capital Outlay	0	0	92,541	92,541
Total Cash Disbursements	71,736	79,862	92,541	244,139
Total Cash Receipts Over/(Under) Cash Disbursements	4,066	4,483	6,964	15,513
Fund Cash Balances, January 1	109,581	179,918	81,331	370,830
<i>Fund Cash Balances, December 31</i>	<u>\$113,647</u>	<u>\$184,401</u>	<u>\$88,295</u>	<u>\$386,343</u>

See accompanying notes to the financial statements.

JACKSON TOWNSHIP, JACKSON COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
Fiduciary Fund Type
For the Year Ended December 31, 2004

	Fiduciary Fund Type
	Nonexpendable Trust
<u>Operating Cash Receipts:</u>	
Earnings on Investments	\$97
Total Cash Receipts	97
Fund Cash Balance, January 1	4,216
<i>Fund Cash Balance, December 31</i>	\$4,313

See accompanying notes to the financial statements.

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

Note 1 – Reporting Entity

Jackson Township, Jackson 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 Fiscal Officer.

The Township provides general government services, maintenance of Township roads and bridges, and maintenance of cemeteries. The Township contracts with the Village of Coalton and Jefferson Township, Ross County to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk-sharing pool. Note 7 to the financial statements provides 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

Basis of Accounting

These financial statements were prepared on the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund: The General Fund is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

Special Revenue Funds: These funds are used to account for proceeds from specific sources (other than trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund – This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax money to pay for constructing, maintaining and repairing Township roads.

Capital Project Fund: This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Fund:

Permanent Improvement Fund – The Township receives sales tax monies from the County Auditor to finance major capital projects.

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

Note 2 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds (Trust Funds): These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The Township had the following Non-Expendable Trust Funds:

K-B Cemetery Trust Fund – The monies in this fund are held in a certificate of deposit. The Township receives interest income on this account biannually.

Limerick Cemetery Trust Fund - The monies in this fund are held in a certificate of deposit. The Township receives interest income on this account biannually.

Budgetary Process

The Ohio Revised Code requires that each Township fund be budgeted annually.

Appropriations: Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

Estimated Resources: Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also certify estimated resources.

Encumbrances: The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 5.

Cash and Investments

The Township places all of its funds in demand deposits and certificates of deposit. The Township's certificates of deposit are valued at cost.

Capital Assets

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

Note 3 – Change in Basis of Accounting

For 2005 and 2004, the Township has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures." The implementation of GASB 40 had some effect on the disclosure requirements, however, there was no effect on the prior period fund balances of the Township.

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

Note 4 – Cash and Investments

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

	December 31, 2005	December 31, 2004
Demand Deposits	\$394,572	\$388,656
Certificates of Deposit	2,000	2,000
<i>Total Deposits</i>	\$396,572	\$390,656

Deposits: 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 \$396,572. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2005, \$305,039 of the Township’s bank balance of \$405,039 was exposed to custodial risk as discussed above while \$100,000 was covered by Federal Deposit Insurance. The \$305,039 exposed to custodial risk was collateralized with securities held by the pledging financial institution’s trust department or its agent, but not in the Township’s name.

At December 31, 2004, the carrying amount of all Township deposits was \$390,656. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2005, \$301,391 of the Township’s bank balance of \$401,391 was exposed to custodial risk as discussed above while \$100,000 was covered by Federal Deposit Insurance. The \$301,391 exposed to custodial risk was collateralized with securities held by the pledging financial institution’s trust department or its agent, but not in the Township’s name.

The township has no deposit policy for custodial risk beyond the requirement 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, JACKSON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 5 – Budgetary Basis of Accounting

The Township’s budgetary activity for the years ending December 31, 2005 and 2004 was as follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$80,000	\$78,381	(\$1,619)
Special Revenue	103,100	93,548	(9,552)
Capital Projects	100,000	90,144	(9,856)
Fiduciary	135	59	(76)
<i>Total</i>	<u>\$283,235</u>	<u>\$262,132</u>	<u>(\$21,103)</u>

2005 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$107,750	\$74,972	\$32,778
Special Revenue	147,000	89,632	57,368
Capital Projects	110,000	91,612	18,388
Fiduciary	0	0	0
<i>Total</i>	<u>\$364,750</u>	<u>\$256,216</u>	<u>\$108,534</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$77,000	\$75,802	(\$1,198)
Special Revenue	82,000	84,345	2,345
Capital Projects	100,000	99,505	(495)
Fiduciary	135	97	(38)
<i>Total</i>	<u>\$259,135</u>	<u>\$259,749</u>	<u>\$614</u>

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

Note 5 – Budgetary Basis of Accounting (continued)

2004 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,050	\$71,736	\$31,314
Special Revenue	138,000	79,862	58,138
Capital Projects	102,000	92,541	9,459
Fiduciary	0	0	0
<i>Total</i>	\$343,050	\$244,139	\$98,911

Note 6 – Property Taxes

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by 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. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31, and the second half payment is due the following June 20.

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 April 30.

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

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 Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

Legal Liability	\$2,000,000	Limit
Automobile Liability	2,000,000	Limit
Wrongful Acts	2,000,000	Limit
Property	91,800	Total Coverage

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

Note 7 – Risk Management (continued)

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000 up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to per-claim limit of \$2,000,000.

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

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.

Note 8 – Debt

The Township had a loan with an interest rate of 6.25%, for the purchase of a backhoe to be used for Township road maintenance. The Township made debt payments of \$9,561 in 2004 and 2005. As of December 31, 2004, the loan outstanding was \$8,998. The loan was paid in full in 2005.

Note 9 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-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, JACKSON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 9 – Defined Benefit Pension Plan (continued)

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 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, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 13.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$2,170, \$5,248, and \$5,433 respectively. The full amount has been contributed for 2005, 2004 and 2003. Contributions to the member-directed plan for 2005 were \$7,708 made by the Township.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4 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 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1 and 6 percent annually for the next eight years and 4 percent annually after eight years.

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

At December 31, 2004, the number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$5,152. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

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

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards**

Board of Trustees
Jackson Township, Jackson County
538 Sparks Road
Ray, Ohio 45672

We have audited the accompanying financial statements of Jackson Township, Jackson County, Ohio (Township) , as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated March 16, 2006, which we noted the Township implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*. 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control over financial reporting 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain immaterial internal control weaknesses that we have reported to management of the Township in a separate letter dated March 16, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2005-01. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 16, 2006.

Board of Trustees
Jackson Township, Jackson County
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

March 16, 2006

JACKSON TOWNSHIP, JACKSON COUNTY
Schedule of Findings
For the Year Ended December 31, 2005 and 2004

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

Finding Number 2005-01

Section 5705.41 (D) of the Ohio Revised Code requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the Fiscal Officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$3,000 the Fiscal Officer may authorize payment through a Then and Now Certificate without affirmation of the Township Trustees, if such expenditure is otherwise valid.

This noncompliance citation was included in the prior audit management letter. There were more occurrences in the current audit period; 68% of the disbursements tested in 2004 and 53% of the disbursements tested in 2005 were not properly certified.

If expenditures are not properly certified, disbursements can be made in error or with unavailable funds.

We recommend the Township follow the above guidelines of the Ohio Revised Code and obtain the Fiscal Officer's certification of funds prior to the obligation or expenditure of money.

Officials' Response

We did not receive a response from the Officials of the Township to this finding.

JACKSON TOWNSHIP, JACKSON COUNTY

Corrective Action Plan

For the Years Ended December 31, 2005

Finding Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2005-001	The Township plans to monitor purchases and properly certify them with a purchase order prior to the expenditure being made.	Immediately	Janna Osbourne, Fiscal Officer



**Auditor of State
Betty Montgomery**

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JACKSON TOWNSHIP

JACKSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 06, 2006**