



Mary Taylor, CPA  
Auditor of State



JACKSON TOWNSHIP  
MUSKINGUM COUNTY

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Mary Taylor, CPA  
Auditor of State

Jackson Township  
Muskingum County  
P.O. Box 70  
Fazeysburg, Ohio 43822

To the Board of Township Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

March 25, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Jackson Township  
Muskingum County  
P.O. Box 70  
Fazeysburg, Ohio 43822

To the Board of Township Trustees:

We have audited the accompanying financial statements of Jackson Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, during 2006 and 2007, the Township revised its financial statement presentation to follow 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Jackson Township, Muskingum County, Ohio, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 March 25, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

March 25, 2008



**JACKSON TOWNSHIP  
MUSKINGUM COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$24,611	\$111,261	\$8,576	\$	\$144,448
Licenses, Permits, and Fees		9,900			9,900
Intergovernmental	34,785	132,049			166,834
Special Assessments			2,921		2,921
Earnings on Investments	4,210	1,560			5,770
Miscellaneous	1,133	9,811			10,944
<b>Total Cash Receipts</b>	<u>64,739</u>	<u>264,581</u>	<u>11,497</u>	<u>0</u>	<u>340,817</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	38,357				38,357
Public Safety		57,273			57,273
Public Works		192,115			192,115
Health		33,327			33,327
Human Services	120				120
Conservation - Recreation				1,369	1,369
Capital Outlay		2,500			2,500
Debt Service:					
Redemption of Principal			13,990		13,990
Interest and Other Fiscal Charges			7,500		7,500
<b>Total Cash Disbursements</b>	<u>38,477</u>	<u>285,215</u>	<u>21,490</u>	<u>1,369</u>	<u>346,551</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>26,262</u>	<u>(20,634)</u>	<u>(9,993)</u>	<u>(1,369)</u>	<u>(5,734)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In		15,750	9,839	1,369	26,958
Transfers-Out	(26,958)				(26,958)
Advances-In	150	3,250	153		3,553
Advances-Out	(3,403)	(150)			(3,553)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(30,211)</u>	<u>18,850</u>	<u>9,992</u>	<u>1,369</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(3,949)	(1,784)	(1)	0	(5,734)
Fund Cash Balances, January 1	19,861	82,096	1	0	101,958
<b>Fund Cash Balances, December 31</b>	<u><b>\$15,912</b></u>	<u><b>\$80,312</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$96,224</b></u>

*The notes to the financial statements are an integral part of this statement.*

**JACKSON TOWNSHIP  
MUSKINGUM COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$22,066	\$103,329	\$8,916	\$	\$134,311
Licenses, Permits, and Fees		14,600			14,600
Intergovernmental	20,699	116,500		144,774	281,973
Special Assessments			2,810		2,810
Earnings on Investments	3,535	1,734			5,269
Miscellaneous	1,292	13,732		750	15,774
<b>Total Cash Receipts</b>	<u>47,592</u>	<u>249,895</u>	<u>11,726</u>	<u>145,524</u>	<u>454,737</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	45,324				45,324
Public Safety		55,462			55,462
Public Works		124,204			124,204
Health		35,073			35,073
Conservation - Recreation				3,647	3,647
Capital Outlay	330	17,170		1,300	18,800
Debt Service:					
Redemption of Principal			264,349		264,349
Interest and Other Fiscal Charges			6,781		6,781
<b>Total Cash Disbursements</b>	<u>45,654</u>	<u>231,909</u>	<u>271,130</u>	<u>4,947</u>	<u>553,640</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>1,938</u>	<u>17,986</u>	<u>(259,404)</u>	<u>140,577</u>	<u>(98,903)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Sale of Bonds			109,226		109,226
Transfers-In			149,449	4,084	153,533
Transfers-Out	(8,759)			(144,774)	(153,533)
Advances-In			730		730
Advances-Out	(730)				(730)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(9,489)</u>	<u>0</u>	<u>259,405</u>	<u>(140,690)</u>	<u>109,226</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(7,551)</u>	<u>17,986</u>	<u>1</u>	<u>(113)</u>	<u>10,323</u>
<b>Fund Cash Balances, January 1</b>	<u>27,412</u>	<u>64,110</u>	<u>0</u>	<u>113</u>	<u>91,635</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$19,861</b></u>	<u><b>\$82,096</b></u>	<u><b>\$1</b></u>	<u><b>\$0</b></u>	<u><b>\$101,958</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$1,012</b></u>	<u><b>\$1,734</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$2,746</b></u>

*The notes to the financial statements are an integral part of this statement.*

**JACKSON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Jackson Township, Muskingum County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Frazeyburg Volunteer Fire Department for fire protection.

The Township participates in the Ohio Government Risk Management Plan (the "Plan"), a public entity risk-sharing pool. Note 8 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.

**B. Accounting Basis**

During 2005, the Township followed the modified cash basis of accounting. However, its financial statement presentation format and disclosures conformed with generally accepted accounting principles applicable to the modified cash accounting basis.

During 2006 and 2007, the Township continued to use the modified cash accounting basis, but revised its financial statement presentation format to follow the accounting basis the Auditor of State prescribes or permits. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAROhio) are recorded at share values the mutual funds report.

**D. 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:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**JACKSON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

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

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

Cemetery Fund - This fund receives property tax money and fees for maintaining the Township's cemetery.

Fire District Fund - This fund receives property tax money for fire services.

**3. Debt Service Funds**

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Funds:

Grader Note Retirement Fund - This fund receives property tax money for repayment of debt related to the purchase of a road grader.

Hi-Lo Drive Bond Retirement Fund - This fund receives special assessments for repayment of debt.

Ball Fields Bond Retirement Fund - This fund receives transfers from the General Fund for repayment of land acquisition debt.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Ball Fields Fund - This fund receives transfers from the General fund to pay for expenses of the ball fields.

**E. Budgetary Process**

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

**JACKSON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process (Continued)**

**1. 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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Cash and Investments**

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

	<u>2006</u>	<u>2007</u>
Demand deposits	\$7,505	\$4,938
STAROhio	94,453	91,286
Total deposits and investments	<u>\$101,958</u>	<u>\$96,224</u>

**JACKSON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**2. Equity in Pooled Cash and Investments (Continued)**

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**Investments:** Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2007 and 2006, follows:

**2007 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,250	\$64,739	\$489
Special Revenue	266,365	280,331	13,966
Debt Service	22,100	21,336	(764)
Capital Projects	1,370	1,369	(1)
Total	<u>\$354,085</u>	<u>\$367,775</u>	<u>\$13,690</u>

**2007 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,702	\$65,435	\$1,267
Special Revenue	281,967	285,215	(3,248)
Debt Service	21,493	21,490	3
Capital Projects	1,370	1,369	1
Total	<u>\$371,532</u>	<u>\$373,509</u>	<u>(\$1,977)</u>

**2006 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,328	\$47,592	\$2,264
Special Revenue	247,683	249,895	2,212
Debt Service	271,262	270,401	(861)
Capital Projects	160,871	149,608	(11,263)
Total	<u>\$725,144</u>	<u>\$717,496</u>	<u>(\$7,648)</u>

**2006 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,498	\$55,425	\$13,073
Special Revenue	266,314	233,643	32,671
Debt Service	271,136	271,130	6
Capital Projects	161,979	149,721	12,258
Total	<u>\$767,927</u>	<u>\$709,919</u>	<u>\$58,008</u>

**JACKSON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. 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 each April 30.

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

**5. Debt**

Debt outstanding at December 31, 2007, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$105,585	5.48%
General Obligation Notes	15,111	4.50%
Special Assessment Bonds	<u>8,379</u>	5.50%
Total	<u><u>\$129,075</u></u>	

The Township issued general obligation bonds in February 2006 to finance the land acquisition for ball fields. The bonds are collateralized solely by the Township's taxing authority.

The general obligation notes were issued in June 2000 and refinanced in June 2003 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 bonds were issued in September 2002 to finance road improvements to Hi-Lo Drive. Repayment of the debt will be made from assessments collected from residents.

**JACKSON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**5. Debt (Continued)**

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

Year ending December 31:	General Obligation Bonds	General Obligation Notes	Special Assessment Notes
2008	\$9,327	\$8,236	\$3,236
2009	9,128	7,895	3,078
2010	8,927		2,923
2011	8,729		
2012	8,529		
2013-2017	39,653		
2018-2022	34,666		
2023-2027	29,677		
2028-2032	24,690		
2033-2036	16,160		
Total	\$189,486	\$16,131	\$9,237

**6. Retirement Systems**

The Township's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**7. Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township is insured with Ohio Government Risk Management Plan (the "Plan"). The Plan assumed the risk of loss up to the limits of the Township's policies. Coverage is subject to deductibles and scheduled property. The risk pool membership is further disclosed in note 8 to the financial statements. The following risks are covered by the Plan:

- Comprehensive property and general liability;
- Employer's liability;
- Employee benefits liability;
- Public officials liability;
- Automobile liability, medical payments, uninsured motorists, and physical damage;
- Inland marine; and
- Crime including theft, disappearance and destruction, public employee dishonesty, forgery or alteration, computer fraud, and fund transfer fraud.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.



**JACKSON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**7. Risk Management (Continued)**

The Township also offers health insurance coverage to its full time employee through a private carrier.

**8. Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 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 retains 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.

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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2006 and 2005 (the latest information available):

	<b>2006</b>	<b>2005</b>
Assets	\$9,620,148	\$8,219,430
Liabilities	(3,329,620)	(2,748,639)
Members' Equity	\$6,290,528	\$5,470,791

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

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# Mary Taylor, CPA

Auditor of State

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

Jackson Township  
Muskingum County  
P.O. Box 70  
Frazeytsburg, Ohio 43822

To the Board of Trustees:

We have audited the financial statements of Jackson Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated March 25, 2008, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

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

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

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

We noted a certain matter that we reported to the Township's management in a separate letter dated March 25, 2008.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2007-001.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated March 25, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

March 25, 2008

**JACKSON TOWNSHIP  
MUSKINGUM COUNTY**

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

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

**FINDING NUMBER 2007-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.09(C) requires each subdivision to establish a bond retirement fund into which it must pay sufficient revenues to retire serial bonds, notes and certificates of indebtedness at maturity.

The Township did not establish a bond retirement fund from which to pay its indebtedness for the land acquisition bonds. The Capital Project Fund was used to account for revenue (transfers from the General Fund and bond proceeds) totaling \$9,527 for 2007 and \$258,675 for 2006 and disbursements to retire both the bond anticipation notes and the land acquisition bonds totaling \$9,527 for 2007 and \$258,675 for 2006.

This resulted in an adjustment to the financial statements in order to properly classify the Township's sources of revenue and the retirement of said notes and bonds. Township management was in agreement with this adjustment and the adjustment is reflected in the accompanying financial statements.

We recommend the Township pay all future revenues to retire the land acquisition bonds into a debt service bond retirement fund and also pay the corresponding principal and interest obligations that come due from this debt service bond retirement fund.

**Officials' Response**

We did not receive a response from officials to this finding.





**Mary Taylor, CPA**  
Auditor of State

**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  
MAY 22, 2008**