



Dave Yost • Auditor of State

**JERSEY TOWNSHIP
LICKING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Jersey Township
Licking County
2810 Mink Street NW
Johnstown, Ohio 43031

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Jersey Township, Licking County, Ohio (the Township) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Hebron, Licking County, Ohio, as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Jersey Township, Licking County, Ohio as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report September 24, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 24, 2013

**JERSEY TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 161,538	\$ 521,992	\$ 683,530
Licenses, Permits and Fees	3,079	4,688	7,767
Intergovernmental	71,846	96,766	168,612
Special Assessments	-	1,659	1,659
Earnings on Investments	125	9	134
Miscellaneous	625	10,629	11,254
<i>Total Cash Receipts</i>	<u>237,213</u>	<u>635,743</u>	<u>872,956</u>
Cash Disbursements			
Current:			
General Government	213,041	-	213,041
Public Safety	-	136,302	136,302
Public Works	-	331,611	331,611
Health	7,484	23,296	30,780
Other	65	-	65
Capital Outlay	-	61,817	61,817
<i>Total Cash Disbursements</i>	<u>220,590</u>	<u>553,026</u>	<u>773,616</u>
<i>Excess of Receipts Over Disbursements</i>	<u>16,623</u>	<u>82,717</u>	<u>99,340</u>
Other Financing Receipts			
Sale of Capital Assets	-	300	300
<i>Total Other Financing Receipts</i>	<u>-</u>	<u>300</u>	<u>300</u>
<i>Net Change in Fund Cash Balances</i>	16,623	83,017	99,640
<i>Fund Cash Balances, January 1</i>	<u>503,708</u>	<u>277,087</u>	<u>780,795</u>
Fund Cash Balances, December 31			
Restricted	-	360,104	360,104
Unassigned	520,331	-	520,331
<i>Fund Cash Balances, December 31</i>	<u>\$ 520,331</u>	<u>\$ 360,104</u>	<u>\$ 880,435</u>

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

**JERSEY TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 120,281	\$ 578,035	\$ 698,316
Licenses, Permits and Fees	3,021	9,255	12,276
Intergovernmental	600,500	98,473	698,973
Special Assessments	-	2,871	2,871
Earnings on Investments	286	33	319
Miscellaneous	379	7,900	8,279
<i>Total Cash Receipts</i>	<u>724,467</u>	<u>696,567</u>	<u>1,421,034</u>
Cash Disbursements			
Current:			
General Government	234,926	-	234,926
Public Safety	-	185,659	185,659
Public Works	388	368,907	369,295
Health	14,005	20,517	34,522
Capital Outlay	-	33,979	33,979
<i>Total Cash Disbursements</i>	<u>249,319</u>	<u>609,062</u>	<u>858,381</u>
<i>Excess of Receipts Over Disbursements</i>	<u>475,148</u>	<u>87,505</u>	<u>562,653</u>
Other Financing Receipts			
Sale of Capital Assets	1,811	-	1,811
<i>Total Other Financing Receipts</i>	<u>1,811</u>	<u>-</u>	<u>1,811</u>
<i>Net Change in Fund Cash Balances</i>	476,959	87,505	564,464
<i>Fund Cash Balances, January 1</i>	<u>26,749</u>	<u>189,582</u>	<u>216,331</u>
Fund Cash Balances, December 31			
Restricted	-	277,087	277,087
Unassigned	503,708	-	503,708
<i>Fund Cash Balances, December 31</i>	<u>\$ 503,708</u>	<u>\$ 277,087</u>	<u>\$ 780,795</u>

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

**JERSEY TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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 the Jersey Township, Licking 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 and cemetery maintenance. The Township contracts with the Licking County Sheriff's department to provide security of persons and property. The Township contracts with Monroe Township to provide fire services and emergency medical services.

The Township participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The organization is:

Public Entity Risk Pool:
Ohio Plan Risk Management, Inc.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. 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. Deposits

The Township maintains a demand deposit account.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

**JERSEY TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Fire District Fund – Receives taxes levied to provide fire protection and emergency medical services for the Township.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of, 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 2012 and 2011 budgetary activity appears in Note 4.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**JERSEY TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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. Change in Accounting Principle

For fiscal year 2011, the Township reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. The implementation of this statement had no effect on the Township's financial statements.

**JERSEY TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. Equity in Pooled Deposits

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

	2012	2011
Demand deposits	\$880,435	\$780,795

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$275,380	\$237,213	(\$38,167)
Special Revenue	673,518	636,043	(37,475)
Total	\$948,898	\$873,256	(\$75,642)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$779,088	\$220,590	\$558,498
Special Revenue	950,604	553,026	397,578
Total	\$1,729,692	\$773,616	\$956,076

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$713,056	\$726,278	\$13,222
Special Revenue	704,981	696,567	(8,414)
Total	\$1,418,037	\$1,422,845	\$4,808

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$297,063	\$249,319	\$47,744
Special Revenue	891,309	669,044	222,265
Total	\$1,188,372	\$918,363	\$270,009

**JERSEY TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

5. 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.

6. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

7. Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012, the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

**JERSEY TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Risk Management (Continued)

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, 2012 and 2011.

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.



Dave Yost • Auditor of State

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

Jersey Township
Licking County
2810 Mink Street NW
Johnstown, Ohio 43031

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Jersey Township, Licking County, Ohio (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2013, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund type Definitions*."

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2012-01 and 2012-02 described in the accompanying schedule of findings to be material weaknesses.

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. . The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 24, 2013

**JERSEY TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

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

FINDING NUMBER 2012-01

Updating Accounting System – Material Weakness

The Fiscal Officer should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township’s financial statements, including budgetary information.

The following differences were noted between the amended certificates of estimated resources certified by the budget commission and the amounts entered into the accounting system:

2011 Estimated Resources

<u>Fund</u>	<u>County Amended Estimated Resources</u>	<u>UAN Year-End Estimated Resources</u>	<u>Variance</u>
General Fund	\$739,805	\$742,827	\$3,022

2012 Estimated Resources

<u>Fund</u>	<u>County Amended Estimated Resources</u>	<u>UAN Year-End Estimated Resources</u>	<u>Variance</u>
General Fund	\$779,088	\$0	\$779,088
Motor Vehicle License Tax Fund	5,353	0	5,353
Gas Tax Fund	105,454	0	105,454
Road and Bridge Fund	568,857	0	568,857
Cemetery Fund	35,245	0	35,245
Village of Jersey Street Lights Fund	6,268	0	6,268
Fire Fund	229,427	0	229,427

The following differences were noted between appropriations certified by the budget commission and the amounts entered into the accounting system:

2011 Appropriations

<u>Fund</u>	<u>County Budgeted Appropriations</u>	<u>UAN Year-End Appropriations</u>	<u>Variance</u>
General Fund	\$297,063	\$328,004	\$30,941

Failure to accurately update budgets approved by the Trustees and certified by the County Budget Commission in the accounting system could result in inaccurate financial information from which Township operating decisions are made.

We recommend the Fiscal Officer accurately and timely post all estimated receipts and appropriations as approved by the Trustees and County Budget Commission in the accounting system.

Officials’ Response:

We agree with the auditor’s finding and have implemented procedures to address the deficiency.

**JERSEY TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-02

Bank Reconciliations - Material Weakness

For 2011 and 2012, monthly bank reconciliations were performed as part of the closing process each month. There was a change in fiscal officers as of April 1, 2012. After this point, the Township did not properly perform accurate bank to book reconciliations as December 31, 2012 reconciliation differed from the bank by \$23,240.

Upon further investigation, we noted that each month, there were "other adjusting factors" noted on the bank reconciliations. This was determined to be items that cleared the bank; however, they were not posted to the Township Uniform Accounting Network (UAN) and ACH transactions to get the reconciliations to balance each month. They varied from negative \$4,551 to negative \$43,588.

In addition, the Fiscal Officer did not always accurately post receipts into the Township's accounting system. We noted the following errors in 2012:

General Fund:

- A state liquor permit receipt of \$856 was deposited in the bank and not posted to the Uniform Accounting Network system (UAN) ,
- Interest receipts from April to June and August to November totaling \$60 was deposited in the bank and not posted to the UAN system,
- Miscellaneous receipts of \$625 was deposited in the bank and not posted to the UAN system, and
- Bank fees of \$65 was not posted to the UAN system.

Special Revenue Funds:

- A gasoline tax receipt of \$4,537 was deposited in the bank and not posted to the UAN system, and
- Interest receipts from April to June and August to November totaling \$6 was not allocated into the UAN system.

As a result, the financial statements were misstated and inaccurate financial reports were being provided to Trustees to aid in management decisions, which could lead to errors or irregularities occurring but undetected by management.

Once all financial transactions were properly recorded in the UAN accounting system and financial statements, the net adjustment of \$6,018 was posted to the General and Gasoline Tax funds as of December 31, 2012.

Strong monitoring practices of Township financial activities are the responsibility of the Fiscal Officer and Township Trustees, and are essential to ensure proper financial reporting.

We recommend the Township's Fiscal Officer take steps to ensure the accurate presentation of the financial statements, including posting all transactions to the UAN system. Transactions should be posted in accordance with procedures and posting guidelines established in the UAN system chart of accounts. By exercising accuracy in recording financial activity, the Township can reduce posting errors and increase the reliability of the financial data throughout the year.

**JERSEY TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2012-02 - Continued

Bank Reconciliations - Material Weakness - Continued

We also recommend a bank to book reconciliation be performed monthly and reconciling items should be identified and adjusted at the time the reconciling item or error is discovered. Reconciliations should include all bank accounts and book balances. Additionally, the Fiscal Officer and Township Trustees should review the bank to book reconciliation and monthly financial reports of financial activity of the Township including budget versus actual receipts and expenditures, fund balance reports, and bank to book reconciliations. Evidence of these reviews should be documented.

Officials' Response:

We agree with the auditor's finding, fund balance adjustments were made in our accounting system, and procedures have been implemented to address the deficiency.

**JERSEY TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Budgetary Amounts in the Accounting System – Material Weakness	No	Repeated as Finding 2012-01.



Dave Yost • Auditor of State

JERSEY TOWNSHIP

LICKING 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
NOVEMBER 12, 2013**