

***JERSEY TOWNSHIP  
LICKING COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2006 & 2005***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Jersey Township  
2810 Mink Street  
Johnston, Ohio 43031

We have reviewed the *Report of Independent Accountants* of Jersey Township, Licking County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 through December 31, 2006. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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. Jersey Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

November 14, 2007

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**JERSEY TOWNSHIP  
LICKING COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2006 & 2005**

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Rockefeller Building  
614 W Superior Ave Ste1242  
Cleveland OH 44113-1306  
Phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Jersey Township  
Licking County  
2810 Mink Street  
Johnston, Ohio 43031

To the Board of Trustees:

We have audited the accompanying financial statements of Jersey Township, Licking County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005. 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. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has 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, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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 the 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, 2006 and 2005, 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, 2006 and 2005, 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 of Jersey Township, Licking County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

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, 2006 and 2005. 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 October 24, 2007, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

***Charles E. Harris & Associates, Inc.***

October 24, 2007



**JERSEY TOWNSHIP**  
**LICKING COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2006**

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Receipts:</b>				
Property and Local Taxes	\$ 94,146	\$ 390,028	\$ -	\$ 484,174
Licenses, Permits, and Fees	6,845	21,850	-	28,695
Intergovernmental	44,875	147,862	111,850	304,587
Special Assessments	-	2,348	-	2,348
Earnings on Investments	3,086	668	-	3,754
Miscellaneous	1,514	6,454	-	7,968
<b>Total Receipts</b>	<b>150,466</b>	<b>569,210</b>	<b>111,850</b>	<b>831,526</b>
<b>Disbursements:</b>				
General Government	143,818	2,367	-	146,185
Public Safety	11,255	159,873	-	171,128
Public Works	-	459,296	-	459,296
Health	3,251	401	-	3,652
Capital Outlay	1,227	23,195	111,850	136,272
<b>Total Disbursements</b>	<b>159,551</b>	<b>645,132</b>	<b>111,850</b>	<b>776,609</b>
<b>Total Receipts Over/(Under)</b>				
Disbursements	(9,085)	(75,922)	-	(85,007)
<b>Fund Cash Balance, January 1, 2006</b>	<b>37,775</b>	<b>315,211</b>	<b>-</b>	<b>352,986</b>
<b>Fund Cash Balance, December 31, 2006</b>	<b>\$ 28,690</b>	<b>\$ 239,289</b>	<b>\$ -</b>	<b>\$ 267,979</b>

See Accompanying Notes to the Financial Statements.

**JERSEY TOWNSHIP**  
**LICKING COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH RECEIPTS, 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	
<b>Receipts:</b>			
Property and Local Taxes	\$ 84,624	\$ 371,897	\$ 456,521
Licenses, Permits, and Fees	8,948	4,025	12,973
Intergovernmental	47,675	128,988	176,663
Special Assessment	-	2,706	2,706
Earnings on Investments	4,105	465	4,570
Miscellaneous	1,810	5,795	7,605
<b>Total Receipts</b>	<b>147,162</b>	<b>513,876</b>	<b>661,038</b>
<b>Disbursements:</b>			
General Government	136,600	2,372	138,972
Public Safety	10,735	159,039	169,774
Public Works	2,978	334,820	337,798
Health	10	-	10
Capital Outlay	65,715	15,445	81,160
Debt Service:			
Principal	14,435	20,846	35,281
Interest	857	593	1,450
<b>Total Disbursements</b>	<b>231,330</b>	<b>533,115</b>	<b>764,445</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(84,168)</b>	<b>(19,239)</b>	<b>(103,407)</b>
<b>Other Financing Sources:</b>			
Sale of Fixed Assets	70,850	9,500	80,350
<b>Total Other Financing Sources</b>	<b>70,850</b>	<b>9,500</b>	<b>80,350</b>
<b>Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses</b>	<b>(13,318)</b>	<b>(9,739)</b>	<b>(23,057)</b>
<b>Fund Cash Balance, January 1, 2005</b>	<b>51,093</b>	<b>324,950</b>	<b>376,043</b>
<b>Fund Cash Balance, December 31, 2005</b>	<b>\$ 37,775</b>	<b>\$ 315,211</b>	<b>\$ 352,986</b>

See Accompanying Notes to the Financial Statements.

**JERSEY TOWNSHIP**  
**LICKING COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Jersey Township, Licking County (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, and contracts with Monroe Township for fire protection and emergency medical services.

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

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

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

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of

**JERSEY TOWNSHIP**  
**LICKING COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- Gasoline Tax Fund-Receives gasoline excise taxes to pay for constructing, maintaining and repairing Township roads.
- Road and Bridge Fund-Receives property taxes for constructing, maintaining and repairing Township roads and bridges.
- Fire District Fund-Receives taxes levied to provide fire protection and emergency medical services to the Township.

Capital Projects: This fund is used to account for resources to be used for the acquisition or construction of capital assets. The Township has the following significant Capital Projects Fund:

- Ohio Public Works Commission-Receives money for a Township road project.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Township Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**JERSEY TOWNSHIP**  
**LICKING COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS- (Continued)

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Clerk identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2005 and 2006. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**JERSEY TOWNSHIP**  
**LICKING COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS- (Continued)

3. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2006</u>	<u>2005</u>
Demand Deposits	<u>\$267,979</u>	<u>\$352,986</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

**JERSEY TOWNSHIP**  
**LICKING COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2004.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

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

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

<u>Fund:</u>	<u>2006 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 252,934	\$ 150,466	\$ (102,468)
Special Revenue Funds	563,141	569,210	(6,069)
Capital Projects Funds	111,850	111,850	-

<u>Fund:</u>	<u>2006 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General Fund	\$ 290,710	\$ 159,551	\$ 131,159
Special Revenue Funds	836,817	645,132	191,685
Capital Projects Funds	111,850	111,850	-

**JERSEY TOWNSHIP**  
**LICKING COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

<u>Fund:</u>	<u>2005 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted</u> Receipts	<u>Actual</u> Receipts	
General Fund	\$ 268,291	\$ 218,012	\$ (50,279)
Special Revenue Funds	778,344	523,376	(254,968)

<u>Fund:</u>	<u>2005 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation</u> Authority	<u>Budgetary</u> Expenditures	
General Fund	\$ 319,385	\$ 231,330	\$ 88,055
Special Revenue Funds	1,103,292	533,115	570,177

The Township's actual resources were less than its estimated resources for several funds and the deficiency reduced available resources below the current level of appropriation, in violation of Ohio Revised Code Section 5705.36.

5. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS), a state operated, cost sharing, multiple employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 8.5% of their gross pay in 2005 and 9.0% in 2006 while the Township contributed an amount equal to 13.55% of covered payroll in 2005 and 13.70% in 2006. The Township paid all required contributions through 2006.

6. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan ("the Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments.

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. Although its exposure is concentrated to a single geographical area, such exposure is reduced by the practice of reinsuring no less than 90% of coverage provided, with the exception of its paid loss ratio cap on old casualty reinsurance layers.



**JERSEY TOWNSHIP  
LICKING COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005**

6. RISK MANAGEMENT – (Continued)

Effective September 1, 2002, the Plan began retaining 5% of the premium and losses on the first \$500,000 casualty treaty and 5% of the first \$1,000,000 property treaty. Effective November 1, 2005, the Plan began retaining 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty.

In 2002, the Plan elected to participate in a loss corridor deductible in its first \$500,000 of casualty reinsurance to control reinsurance costs. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. If the Plan's paid loss ratio reaches 55%, the Plan would pay all the losses incurred related to this treaty up to the next 10% of premiums earned. Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded. Effective September 1, 2003, the corridor is for losses paid between 62% and 67% of premiums earned. Effective November, 2004, the corridor is for losses paid between 65% and 70% of premiums earned.

The Pool's audited financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and member's equity at December 31:

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

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

There have been no significant reductions in insurance coverage from the prior fiscal years and settled claims have not exceeded this commercial coverage in any of the last three years. The Township pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

7. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland, OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Jersey Township  
Licking County  
2810 Mink Street  
Johnstown, Ohio 43031

To the Board of Trustees:

We have audited the financial statements of Jersey Township, Licking County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 24, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiency described in the accompanying schedule of findings, item 2006-JERS-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

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 deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

#### 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, grant agreements and other matters, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2006-JERS-01 and 02.

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

***Charles E. Harris and Associates, Inc.***

October 24, 2007

JERSEY TOWNSHIP  
LICKING COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005

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

**Finding Number: 2006-JERS-01**

Non-Compliance Citation and Material Weakness

Proper Posting of Receipts and Disbursements

Ohio Administrative Code Section 117-2-02(A) requires all public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by the Ohio Administrative Code section 117-2-03.

Contrary to this requirement we noted the following classification errors in the financial statements:

- Principal and interest payments on Township debt were incorrectly classified as capital outlays. The proper classification of these payments should have been debt service expenditures.
- The sale of fixed assets was recorded as miscellaneous receipts. These receipts should have been classified as “Other Sources-Sale of Fixed Assets”.
- Various intergovernmental receipts were classified as miscellaneous receipts.
- Routine fees collected in the Special Revenue Cemetery Fund were classified as miscellaneous receipts rather than “Licenses, Permits, and Fees”.
- Payments for fire protection to Monroe Township were classified as “General Government” disbursements rather than “Public Safety” disbursements.

These transactions have been reclassified in the financial statements to reflect the proper presentation.

Failure to adopt and consistently follow a uniform chart of accounts increases the possibility that the Township will not be able to identify, assemble, analyze, classify, record and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

We recommend that the Township follow the classification of transactions prescribed by *The Ohio Township Handbook*.

Management Response:

We did not receive a substantive response from management to the above finding.

JERSEY TOWNSHIP  
LICKING COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005

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

**Finding Number: 2006-JERS-02**

Non-Compliance Citation

Amended Certificates Not Obtained

Ohio Rev. Code Section 5705.36(A)(3) requires obtaining an increased amended certificate if the legislative authority intends to appropriate and expend excess revenue. Ohio Rev. Code Section 5705.36(A)(4) requires a reduced amended certificate of estimated resources to be requested whenever the fiscal officer determines that revenue collected will be less than the amount in the official certificate of estimated resources and the deficiency will reduce available resources below the current level of appropriation. Contrary to this requirement, a reduced amended certificate of estimated resources was not obtained for the following funds:

	<u>2006</u>		
<u>Fund</u>	<u>Estimated</u> <u>Resources</u>	<u>Revenue</u> <u>Variance</u>	<u>Appropriations</u>
General Fund	\$290,710	\$(102,468)	\$290,710

  

	<u>2005</u>		
<u>Fund</u>	<u>Estimated</u> <u>Resources</u>	<u>Revenue</u> <u>Variance</u>	<u>Appropriations</u>
General Fund	\$319,385	\$(50,279)	\$319,385
Special-Motor Vehicle	\$88,552	\$(38,684)	\$88,552
Special-Gas Tax	\$109,797	\$(3,518)	\$109,797
Special-Road & Bridge	\$663,925	\$(172,149)	\$663,925
Special-Cemetery	\$67,290	\$(39,237)	\$67,290
Special-Special Assessment	\$7,035	\$(1,931)	\$7,035

We noted that in each case, actual expenditures did not exceed the amount of available resources.

We recommend that management request a reduced amended certificate of estimated resources when they determine that receipts will be below their official certificate of estimated resources and the deficit reduces their estimated resources below the current level of appropriations.

Management Response:

We did not receive a substantive response from management to the above findings.

## **SCHEDULE OF PRIOR AUDIT FINDINGS**

**The prior audit report, for the years ending December 31, 2004 and 2003, reported no material citations or recommendations.**



Mary Taylor, CPA  
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 29, 2007