

**JEROME TOWNSHIP
UNION COUNTY, OHIO**

FINANCIAL STATEMENTS
DECEMBER 31, 2009

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Township Trustees
Jerome Township
9777 Industrial Parkway
Plain City, Ohio 43064

We have reviewed the *Independent Auditors' Report* of Jerome Township, Union County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2009 through December 31, 2009. 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.

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. Jerome Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 31, 2011

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**Jerome Township
Union County, Ohio**

**For the Year Ended
December 31, 2009**

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Wolf, Rogers, Dickey & Co.

Certified Public Accountants

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Independent Auditors' Report

Jerome Township
Union County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jerome Township, Union County, Ohio (the Township), as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 of our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jerome Township, Union County, Ohio as of December 31, 2009, and the respective changes in cash basis financial position thereof and the respective budgetary comparisons for the General, Road and Bridge and Fire District Funds for the year then ended in conformity with the basis of accounting as described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2011, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

May 26, 2011

**Jerome Township, Union County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited**

This discussion and analysis of Jerome Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2009, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2009 are as follows:

- Net assets of governmental activities decreased \$30,335, or 2%, from the prior year. The fund most affected by the decrease in cash was the Capital Improvement Fund, which disbursed \$53,119 for capital improvements and the Zoning Fund which incurred expenses in excess of receipts of \$129,425.
- The Township's general receipts are primarily from property taxes and intergovernmental receipts. Property taxes represented 61% of the total cash received for governmental activities during the year. Property tax receipts for 2009 changed very little compared to 2008 as development within the Township remained constant. However, tangible personal property tax receipts continued to decline as a result of the State of Ohio's repeal of this tax resulting in a loss of \$52,886 of receipts for 2009.
- The Township placed a levy on the November 2007 ballot for police protection to fund the current Public Safety Officer (PSO) program through the Union County Sheriff's Office. This five year levy of 1.2 mills raised \$210,173 in 2008 and \$207,670 in 2009.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the

Jerome Township, Union County, Ohio
Management's Discussion and Analysis, continued
For the Year Ended December 31, 2009
Unaudited

financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2009, within the limitations of the cash basis of accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the Statement of Net Assets and the Statement of Activities, the Township has only one type of activity to report:

Governmental activities – Most of the Township's basic services are reported here, including police, fire, roads and parks. Property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are in one category: governmental.

Governmental Funds – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Road and Bridge Fund, and Fire District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliation presented with the governmental fund financial statements.

Jerome Township, Union County, Ohio
Management's Discussion and Analysis, continued
For the Year Ended December 31, 2009
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2009 compared to 2008 on a cash basis:

(Table 1)

<u>Assets</u>	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ <u>1,688,139</u>	<u>1,718,474</u>
Total assets	\$ <u>1,688,139</u>	<u>1,718,474</u>
<u>Net assets</u>		
Restricted for:		
Capital outlay	\$ 52,838	105,670
Other purposes	1,107,978	1,065,861
Unrestricted	<u>527,323</u>	<u>546,943</u>
Total net assets	\$ <u>1,688,139</u>	<u>1,718,474</u>

As mentioned previously, net assets of governmental activities decreased \$30,335 or 2% during 2009. The primary reasons contributing to the decreases in cash balances are as follows:

- Disbursements of \$53,119 were made from the Capital Improvement fund. Major purchases included a shelter house, playground equipment and construction of a parking lot for the park behind the Fire Station.
- The Township undertook road resurfacing projects in 2009 costing \$101,113 which was paid from the Motor Vehicle License Tax Fund, Gasoline Tax Fund and Road and Bridge Fund.
- The Zoning Fund incurred expenses in excess of receipts of \$129,425. Expenses included contracts with outside consultants to assist with zoning matters. The deficit of this fund was offset by \$130,000 in transfers from the General Fund.
- The Fire District Fund experienced a spending deficit of \$38,458 resulting from rising operating costs.
- The Township overall saw a decline in earnings on investments of 89% or \$48,278 as a result of declining interest rates and investment balances.

Jerome Township, Union County, Ohio
Management's Discussion and Analysis, continued
For the Year Ended December 31, 2009
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2009 and 2008 for governmental activities.

(Table 2)

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Receipts:		
Program Receipts:		
Charges for services and sales	\$ 195,951	230,886
Operating grants and contributions	<u>506,989</u>	<u>378,085</u>
Total program receipts	<u>702,940</u>	<u>608,971</u>
General Receipts:		
Property and other taxes	1,501,532	1,540,791
Grants and entitlements not restricted to specific programs	238,865	238,369
Cable franchise fees	15,717	6,807
Earnings on investments	5,863	54,142
Miscellaneous	<u>380</u>	<u>18,876</u>
Total general receipts	<u>1,762,357</u>	<u>1,858,985</u>
Total receipts	2,465,297	2,467,956
Disbursements:		
General government	365,957	418,134
Public safety	1,604,875	1,603,790
Public works	327,345	397,534
Health	32,406	9,968
Conservation – recreation	17,772	6,497
Capital outlay	<u>147,277</u>	<u>474,116</u>
Total disbursements	<u>2,495,632</u>	<u>2,910,039</u>
Increase (decrease) in net assets	(30,335)	(442,083)
Net assets, January 1	<u>1,718,474</u>	<u>2,160,557</u>
Net assets, December 31	\$ <u>1,688,139</u>	<u>1,718,474</u>

Program receipts represent 29% of total receipts and are primarily comprised of zoning permits and charges for fire services provided under contract.

General receipts represent 71% of the Township's total receipts, and of this amount, 14% are intergovernmental receipts. Other receipts are often insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represents the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees and the Fiscal Officer, as well as internal services such as payroll and purchasing and maintaining the Township Hall. Since these costs do not represent direct services to residents, the Board of Trustees tries to limit these costs.

Public Safety is the costs of police and fire protection; Health is the cemeteries; Conservation – Recreation is the costs of maintaining the parks and playing fields; Public Works is the cost of maintaining the roads.

Jerome Township, Union County, Ohio
Management's Discussion and Analysis, continued
For the Year Ended December 31, 2009
Unaudited

Governmental Activities

If you look at the Statement of Activities in the financial statements, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works, which account for 64% and 13% of all governmental disbursements, respectively. General government also represents a significant cost, about 15%. The next column of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
General government	\$ 365,957	\$ 349,247	\$ 418,134	\$ 357,102
Public safety	1,604,875	1,082,126	1,603,790	1,193,998
Public works	327,344	191,023	397,534	263,525
Health	32,406	10,066	9,968	3,553
Conservation – Recreation	17,772	12,952	6,497	1,967
Capital outlay	<u>147,278</u>	<u>147,278</u>	<u>474,116</u>	<u>474,116</u>
 Total expenses	 \$ <u>2,495,632</u>	 \$ <u>1,792,692</u>	 \$ <u>2,910,039</u>	 \$ <u>2,294,261</u>

The dependence upon property tax receipts is apparent as 84% percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$2,465,297 and disbursements of \$2,495,632. The greatest change within governmental funds occurred within the Capital Improvement Fund. The fund balance of the Capital Improvement Fund decreased \$52,832 as a result of capital expenditures.

The Fire District Fund receipts were less than disbursements by \$38,458. This deficit was caused by rising operating costs while property tax receipts have not kept pace. The Board of Trustees will work with the Fire Chief to monitor costs and possible renewed sources of revenue.

In other governmental funds, the Zoning Fund receipts were significantly less than the disbursements by \$129,425. This deficit was caused by declining zoning fee receipts and increased costs for payroll, contracts and operating expenses. This deficit was offset by a \$130,000 transfer from the General Fund. The Board of Trustees will monitor this fund closely.

The Motor Vehicle License Tax Fund, Gasoline Tax Fund and the Road and Bridge Fund reported a combined deficit of \$25,702 as a result of a decrease in disbursements for road projects in 2009 from 2008.

**Jerome Township, Union County, Ohio
Management's Discussion and Analysis, continued
For the Year Ended December 31, 2009
Unaudited**

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General Fund, Road and Bridge Fund, and the Fire District Fund.

During 2009, the Township amended its budget several times to reflect changing circumstances. Final actual disbursements were lower than budgeted. While several funds experienced decreases in 2009, appropriations were not reduced. The Board of Trustees monitored its spending closely adhering to budgeted amounts as demonstrated by the budget to actual variances.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Township relies heavily on property taxes. The newly prepared financial forecast predicts deficits for 2010 in many funds. The Board of Trustees reviewed the Township's sources of revenue and determined that increases were likely. After reviewing the budgeted disbursements, the Board decided to use accumulated fund balances (reserves) to continue to support the current program levels rather than reducing services to taxpayers. All departments have been asked to be conscious of their spending.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Robert Caldwell, Fiscal Officer, Jerome Township, 9777 Industrial Parkway, Plain City, Ohio 43064.

**Jerome Township
Union County, Ohio
Statement of Net Assets – Cash Basis
December 31, 2009**

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and cash equivalents	\$ <u>1,688,139</u>
Total assets	\$ <u>1,688,139</u>
Net assets	
Restricted for:	
Capital outlay	\$ 52,838
Other purposes	1,107,978
Unrestricted	<u>527,323</u>
Total net assets	\$ <u>1,688,139</u>

See accompanying notes to the basic financial statements

**Jerome Township
Union County, Ohio
Statement of Activities – Cash Basis
For the Year Ended December 31, 2009**

	Cash	<u>Program Cash Receipts</u>		Net (Disbursements)
	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Receipts and Changes in Net Assets</u>
Governmental Activities:				
General government	\$ 365,957	16,710	-	(349,247)
Public safety	1,604,875	152,081	370,668	(1,082,126)
Public works	327,344	-	136,321	(191,023)
Health	32,406	22,340	-	(10,066)
Conservation – recreation	17,772	4,820	-	(12,952)
Capital outlay	<u>147,278</u>	<u>-</u>	<u>-</u>	<u>(147,278)</u>
Total governmental activities	<u>\$ 2,495,632</u>	<u>195,951</u>	<u>506,989</u>	<u>(1,792,692)</u>
General Receipts:				
Property taxes levied for:				
				1,016,374
				219,453
				187,598
				78,107
				238,865
				15,717
				5,863
				<u>380</u>
				<u>1,762,357</u>
				(30,335)
				<u>1,718,474</u>
				\$ <u>1,688,139</u>

See accompanying notes to the basic financial statements.

**Jerome Township
Union County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2009**

	<u>General</u>	<u>Road and Bridge Fund</u>	<u>Fire District Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Equity in pooled cash and cash equivalents	\$ <u>527,323</u>	<u>343,021</u>	<u>491,732</u>	<u>326,063</u>	<u>1,688,139</u>
Total assets	\$ <u>527,323</u>	<u>343,021</u>	<u>491,732</u>	<u>326,063</u>	<u>1,688,139</u>
 <u>Fund Balances</u>					
Reserved:					
Reserved for encumbrances	\$ 12,282	7,814	59,086	40,659	119,841
Unreserved:					
Undesignated, reported in:					
General Fund	515,041	-	-	-	515,041
Special Revenue Funds	-	335,207	432,646	242,321	1,010,174
Capital Projects Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,083</u>	<u>43,083</u>
Total fund balances	\$ <u>527,323</u>	<u>343,021</u>	<u>491,732</u>	<u>326,063</u>	<u>1,688,139</u>

See accompanying notes to the basic financial statements.

**Jerome Township
Union County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009**

	<u>General</u>	Road and Bridge <u>Fund</u>	Fire District <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Receipts:					
Property and other local taxes	\$ 78,107	219,453	1,016,374	187,598	1,501,532
Charges for services	-	-	152,081	7,990	160,071
Licenses, permits and fees	15,717	-	-	16,710	32,427
Fines and forfeitures	35,175	-	-	-	35,175
Intergovernmental	232,257	40,921	314,060	122,079	709,317
Interest	5,294	-	-	569	5,863
Miscellaneous	<u>5,201</u>	<u>-</u>	<u>1,361</u>	<u>14,350</u>	<u>20,912</u>
Total receipts	<u>371,751</u>	<u>260,374</u>	<u>1,483,876</u>	<u>349,296</u>	<u>2,465,297</u>
Disbursements:					
Current:					
General government	219,822	-	-	146,135	365,957
Public safety	-	-	1,455,370	149,505	1,604,875
Public works	8,351	204,179	-	114,815	327,345
Health	-	-	-	32,406	32,406
Conservation-recreation	17,772	-	-	-	17,772
Capital outlay	<u>15,426</u>	<u>11,344</u>	<u>66,964</u>	<u>53,543</u>	<u>147,277</u>
Total disbursements	<u>261,371</u>	<u>215,523</u>	<u>1,522,334</u>	<u>496,404</u>	<u>2,495,632</u>
Excess of receipts over (under) disbursements	<u>110,380</u>	<u>44,851</u>	<u>(38,458)</u>	<u>(147,108)</u>	<u>(30,335)</u>
Other financing sources (uses):					
Transfers in	-	-	-	130,000	130,000
Transfers out	<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,000)</u>
Total other financing sources (uses)	<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>130,000</u>	<u>-</u>
Net change in fund balances	(19,620)	44,851	(38,458)	(17,108)	(30,335)
Fund balances beginning of year	<u>546,943</u>	<u>298,170</u>	<u>530,190</u>	<u>343,171</u>	<u>1,718,474</u>
Fund balances end of year	\$ <u>527,323</u>	<u>343,021</u>	<u>491,732</u>	<u>326,063</u>	<u>1,688,139</u>

See accompanying notes to the basic financial statements.

**Jerome Township
Union County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance – Budget and Actual – Budget Basis
General Fund
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and other local taxes	\$ 86,319	86,319	78,107	(8,212)
Licenses, permits and fees	6,800	6,800	15,717	8,917
Fines and forfeitures	28,000	28,000	35,175	7,175
Intergovernmental	77,269	77,269	232,257	154,988
Interest	38,500	38,500	5,294	(33,206)
Miscellaneous	<u>154,500</u>	<u>154,500</u>	<u>5,201</u>	<u>(149,299)</u>
Total receipts	<u>391,388</u>	<u>391,388</u>	<u>371,751</u>	<u>(19,637)</u>
Disbursements:				
Current:				
General government	297,183	279,358	219,822	59,536
Public works	9,500	9,500	8,351	1,149
Conservation-recreation	8,000	20,025	17,772	2,253
Capital Outlay	<u>15,000</u>	<u>20,800</u>	<u>15,426</u>	<u>5,374</u>
Total disbursements	<u>329,683</u>	<u>329,683</u>	<u>261,371</u>	<u>68,312</u>
Excess of receipts over (under) disbursements	61,705	61,705	110,380	48,675
Other financing sources (uses) -				
Transfer out	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
Net change in fund balance	(68,295)	(68,295)	(19,620)	48,675
Fund balance beginning of year	<u>546,943</u>	<u>546,943</u>	<u>546,943</u>	<u>-</u>
Fund balance end of year	\$ <u>478,648</u>	<u>478,648</u>	<u>527,323</u>	<u>48,675</u>

See accompanying notes to the basic financial statements.

**Jerome Township
Union County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance – Budget and Actual – Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and other local taxes	\$ 241,498	241,498	219,453	(22,045)
Intergovernmental	<u> -</u>	<u> -</u>	<u>40,921</u>	<u>40,921</u>
Total receipts	<u>241,498</u>	<u>241,498</u>	<u>260,374</u>	<u>18,876</u>
Disbursements:				
Current:				
Public works	227,477	244,562	204,179	40,383
Capital outlay	<u>30,000</u>	<u>12,915</u>	<u>11,344</u>	<u>1,571</u>
Total disbursements	<u>257,477</u>	<u>257,477</u>	<u>215,523</u>	<u>41,954</u>
Excess of receipts over (under) disbursements	<u>(15,979)</u>	<u>(15,979)</u>	<u>44,851</u>	<u>60,830</u>
Net change in fund balance	(15,979)	(15,979)	44,851	60,830
Fund balance beginning of year	<u>298,170</u>	<u>298,170</u>	<u>298,170</u>	<u> -</u>
Fund balance end of year	\$ <u>282,191</u>	<u>282,191</u>	<u>343,021</u>	<u>60,830</u>

See accompanying notes to the basic financial statements.

**Jerome Township
Union County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance – Budget and Actual – Budget Basis
Fire District Fund
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and other local taxes	\$ 1,102,754	1,102,754	1,016,374	(86,380)
Charges for services	144,725	144,725	152,081	7,356
Intergovernmental	167,250	167,250	314,060	146,810
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,361</u>	<u>1,361</u>
Total receipts	<u>1,414,729</u>	<u>1,414,729</u>	<u>1,483,876</u>	<u>69,147</u>
Disbursements:				
Current:				
Public safety	1,572,359	1,582,359	1,455,370	126,989
Capital outlay	<u>108,480</u>	<u>98,480</u>	<u>66,964</u>	<u>31,516</u>
Total disbursements	<u>1,680,839</u>	<u>1,680,839</u>	<u>1,522,334</u>	<u>158,505</u>
Excess of receipts over (under) disbursements	<u>(266,110)</u>	<u>(266,110)</u>	<u>(38,458)</u>	<u>227,652</u>
Net change in fund balance	(266,110)	(266,110)	(38,458)	227,652
Fund balance beginning of year	<u>530,190</u>	<u>530,190</u>	<u>530,190</u>	<u>-</u>
Fund balance end of year	\$ <u>264,080</u>	<u>264,080</u>	<u>491,732</u>	<u>227,652</u>

See accompanying notes to the basic financial statements.

**Jerome Township
Union County, Ohio
Notes to the Financial Statements
December 31, 2009**

(1) Reporting Entity

Jerome Township, Union County, Ohio (the Township), is a body politic and corporate established in 1821 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance and fire protection. The Township contracts with the Union County Sheriff for added police protection.

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

(2) Summary of Significant Accounting Policies

As discussed further below, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish those activities of the Township that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash and investment balances of the governmental type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**Jerome Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2009**

(2) Summary of Significant Accounting Policies, continued

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts, and other non-exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, the Road and Bridge Fund and the Fire District Fund. The General Fund is the general operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Road and Bridge Fund receives property tax money for constructing, maintaining and repairing Township roads and bridges. The Fire District Fund receives tax money from a special fire levy to help cover the cost of fire protection. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the Certificate of Estimated Resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The Certificate of Estimated Resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the Certificate of Estimated Resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended Certificate of Estimated Resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records.

**Jerome Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2009**

(2) Summary of Significant Accounting Policies, continued

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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 negative receipts, respectively.

During 2009, the Township invested in STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 was \$5,294.

Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Prepaid Items

The Township reports disbursements for prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**Jerome Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2009**

(2) Summary of Significant Accounting Policies, continued

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for special revenue funds and capital projects. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Interfund Transactions

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

(3) Accountability and Compliance

The Township reports no deficit fund balance.

(4) Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, the Road and Bridge Fund and the Fire District Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$12,282 for the General Fund, \$7,814 for the Road and Bridge Fund, \$59,086 for the Fire District Fund, and \$40,659 for Other Governmental Funds. There were no outstanding advances at year end for the General Fund, the Road and Bridge Fund and the Fire District Fund.

(5) Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**Jerome Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2009**

(5) Deposits and Investments, continued

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Township had no undeposited cash on hand which is included as part of "*Equity in Pooled Cash and Cash Equivalents*" on the financial statements.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$-0- of the Township's bank balance of \$48,617 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Jerome Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2009**

(5) Deposits and Investments, continued

Investments

As of December 31, 2009, the Township had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$ 1,660,974	Average
Total Portfolio	<u>\$ 1,660,974</u>	

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in Ohio Revised Code (ORC) 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

(6) Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

Real property taxes for 2009 are levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes for 2009 are collected in and intended to finance 2010.

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. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. Public utility property taxes for 2009 which became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

Tangible property taxes for 2009 are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2009 was reduced to zero. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

**Jerome Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2009**

(6) Property Taxes, continued

The full tax rate for all Township operations for the year ended December 31, 2009, was \$15.10 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 property tax receipts were based are as follows:

Real Property:		
Residential & Agricultural	\$	171,243,600
Commercial/Industrial/Mineral		35,236,170
Tangible Personal Property:		
Business		5,268,660
Public Utility		4,047,460
Total Assessed Value	\$	215,795,890

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

(7) Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the Township contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Ohio Casualty Group	Commercial Property	\$ 589,192
	Commercial Inland Marine	201,045
	Commercial General Liability	1,000,000
	Business Auto Liability	1,000,000
	Business Auto	198,383
	Commercial Umbrella	1,000,000
Scottsdale Indemnity Company	Public Officials Liability	2,000,000
	Employment Practices Liability	2,000,000
Ohio Casualty Insurance Company	Surety Bonds	166,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the Ohio Bureau of Workers' Compensation (BWC) system a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The BWC administers and pays all claims.

Public Entity Risk Pool

The Township participates in the BWC group rating program through the Frank Gates Service Company. Participation in this program authorizes The Frank Gates Service Company to represent the Township for all workers' compensation matters before the BWC and the Industrial Commission of Ohio and to receive discounted premium rates.

**Jerome Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2009**

(8) Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The ORC provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2009 member contribution rates were 10.0% for members in state and local classifications. Public safety and law enforcement members contributed 10.1%. The 2009 employer contribution rate for state and local employers was 14.0% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2009 was 17.63%.

The Township's required contributions for pension obligations to all plans for the years ended December 31, 2009, 2008 and 2007 were \$36,311, \$31,677 and \$30,329, respectively. The full amount has been contributed for 2009, 2008 and 2007.

Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the Township is required to contribute 19.5% for police and 24% for firefighters. Contributions are authorized by State statute. The Township's required contributions to the fund for the years ended December 31, 2009, 2008 and 2007 were \$189,130, \$187,938 and \$182,590, respectfully. The full amount has been contributed for 2009, 2008 and 2007.

(9) Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Pan do not qualify for ancillary benefits, including post-employment health care coverage.

**Jerome Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2009**

(9) Postemployment Benefits, continued

Ohio Public Employees Retirement System, continued

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten (10) or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in *GASB Statement No. 45*.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The ORC provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.0% of covered payroll, and public safety and law enforcement employers contributed at 17.63%. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law enforcement and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.0% from January 1, 2009 through March 31, 2009 and 5.5% from April 1, 2009 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The portion of the Township's contributions used to fund post-employment benefits for the year ended December 31, 2009 was \$15,087.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1st of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The ORC allows, but does not mandate, OP&F to provide OPEB benefits. Authority of the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the ORC.

OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401 (h) account as the employer contribution for retiree healthcare benefits. For the

**Jerome Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2009**

(9) Postemployment Benefits, continued

Ohio Police and Fire Pension Fund, continued

year ended December 31, 2009, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Township's actual contributions for 2009 that were used to fund postemployment benefits were \$52,891 for firefighters. The OP&F's total health care expense for the year ended December 31, 2008 (the latest information available) was \$96,472,398, which was net of member contributions of \$56,948,977. The number of OP&F participants eligible to receive health care benefits as of December 31, 2008, was 10,750 for firefighters.

(10) Leases

The Township leases equipment under leasing arrangements that have been classified as operating leases. The Township disbursed \$2,374 to pay lease costs for the year ended December 31, 2009. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 2,374
2011	2,374
2012	1,781
	<u>\$ 6,529</u>

(11) Commitments

Pursuant to a three year contract that commenced on January 1, 2007 between the Union County Sheriff, Jerome Township and Millcreek Township, the sheriff provides three full-time deputies with a normal work week totaling 120 hours exclusively to Jerome and Millcreek Townships to supplement existing law enforcement coverage. The sheriff assumes full responsibility for hiring, training, assignment, supervision, discipline and dismissal of all assigned personnel and the Townships pay the actual cost of compensating the officers' salary, overtime, OPERS benefits, workers' compensation, Medicare and medical and life insurance. The Sheriff bills the Townships in quarterly installments with Jerome Township paying 75% of the cost and Millcreek Township paying 25% of the cost. The Township paid \$145,922 pursuant to this contract in 2009. A new three-year contract took effect on January 1, 2010, however, the amount that will be due under the new contract is undetermined at this time.

(12) Concentrations of Labor Subject to Collective Bargaining Agreement

The Township's firefighters, which comprise a majority of the Township's employees, are represented by a union. The existing union agreement expired on December 31, 2009. The Township approved a new union contract with the firefighters to commence on January 1, 2010.

(13) Subsequent Events

Subsequent events have been evaluated through May 26, 2011, which is the date the financial statements were available to be issued.

**Jerome Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2009**

(14) Compliance

Contrary to Ohio law:

- Expenditures plus outstanding commitments exceeded appropriations in the Zoning Fund by \$4,547.
- Appropriations exceeded actual available resources in the Capital Projects Fund by \$4,076.

Wolf, Rogers, Dickey & Co.

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**Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters,
Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards**

Jerome Township
Union County, Ohio

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jerome Township, Union County, Ohio (the Township), as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 26, 2011, wherein we noted the Township had followed the cash basis of accounting 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as Findings 2009-01 and 2009-02.

The Township's response to the findings identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

May 26, 2011

**Jerome Township
Union County, Ohio
Schedule of Findings
December 31, 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2009-01
Noncompliance

Ohio Revised Code (ORC) Section 5705.41(B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated. Contrary to the requirements of ORC Section 5705.41(B), expenditures plus outstanding commitments in the Zoning Fund of \$150,797 exceeded total appropriations in the fund of \$146,250 by \$4,547.

Response by Township

At the end of the 2009, the Township found it necessary to obtain a reduced amended certificate of estimated resources due to lower than anticipated receipts in the Zoning Fund. The amount of estimated resources and appropriations was reduced to cover the actual receipts and expenditures received and incurred during the year. However, the reduction failed to take into account for appropriations needed to cover end of year encumbrances. For the year 2011, the end of year calculations take end of year encumbrances into account in determining if an amended certificate is necessary and at what amounts.

Finding Number 2009-02
Noncompliance

ORC Section 5705.36 states:

- (1) That an increased amended certificate must be obtained from the Budget Commission if the legislative authority intends to appropriate and expend revenue in excess of the estimated resources.
- (2) A reduced amended certificate must be obtained if the amount of the deficiency will reduce the available resources below the current level of appropriations.

Appropriations in the Capital Projects Fund of \$110,033 exceeded actual available resources in the fund of \$105,957 by \$4,076 due to a shortfall of anticipated receipts. While we recognize that the Township did not spend all appropriations and actual expenses did not exceed available resources, ORC Section 5705.36 still requires an amended certificate of estimated resources to reflect the reduced receipts. Additionally, the Township should have reduced the appropriations below the estimated resources.

Response by Township

Following the audit of the 2008 year, the Township implemented the audit firm's calculation to determine the need for an amended certificate at year end to the reduced resources. However, during the audit of 2009 and 2010 it was discovered that the calculation used by the Township was not correct and therefore failed to identify the need to obtain an amended certificate for a deficiency that reduced available resources below the current level of appropriations. For the year 2011, the end of year calculations have been revised to accurately identify that 1) an increased amended certificate must be obtained if the Township intends to appropriate and expend revenue in excess of the estimated resources and 2) a reduced amended certificate must be obtained if the amount of the deficiency will reduce the available resources below the current level of appropriations.

**Jerome Township
Union County, Ohio
Schedule of Prior Audit Findings
December 31, 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2008-01	Misclassifications within the financial statements	Yes	Finding no longer valid.
2008-02	Appropriations exceeded available resources	No	Repeat as Finding Number 2009-02.
2008-03	Funds not always encumbered prior to expenditure	Yes	Finding no longer valid.
2008-04	Bond of Fiscal Officer not in compliance with ORC 507.03	Yes	Finding no longer valid.



Dave Yost • Auditor of State

JEROME TOWNSHIP

UNION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 13, 2011