



Mary Taylor, CPA
Auditor of State

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jerusalem Township
Lucas County
9501 Jerusalem Road
Curtice, Ohio 43412-9708

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 Jerusalem Township, Lucas County, Ohio (the Township), as of and for the year ended December 31, 2008, 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 opinions on these financial statements based on our audit.

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

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jerusalem Township, Lucas County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Fire Special Levy and Recreation Special Levy Funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2010, 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 Governmental 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.



Mary Taylor, CPA
Auditor of State

February 11, 2010

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

This discussion and analysis of the Jerusalem Township, Lucas County's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2008, 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 2008 are as follows:

- Net assets of governmental activities decreased \$44,062, a moderate change from the prior year.
- The Township's general receipts are primarily property taxes. Property tax receipts represent 47 percent of the total cash received for governmental activities during the year. Property tax receipts for 2008 changed very little compared to 2007 because development within the Township has slowed as the result of the majority of the Township being located in a flood plain. Federal regulations, new housing starts as well as home improvements and additions in the flood plain area have been drastically curtailed due to economic conditions.

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 a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

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 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 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental type activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 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, Township activities are shown: The Township's basic services are reported here, including Fire and EMS service, road and bridge maintenance and repair, and recreation activities. State grants and 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 governmental.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

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 nonmajor 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, Gasoline Tax, Road and Bridge Fund, Fire Special Levy Fund, and Recreation Special Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2008 compared to 2007 on a cash basis:

Net Assets		
	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Assets		
Cash and Cash Equivalents	<u>\$1,357,809</u>	<u>\$1,401,871</u>
Net Assets		
Restricted for:		
Other Purposes	\$1,191,527	\$1,153,366
Unrestricted	<u>166,282</u>	<u>248,505</u>
Total Net Assets	<u>\$1,357,809</u>	<u>\$1,401,871</u>

As mentioned previously, net assets of governmental activities decreased \$44,062 during 2008. The primary reasons contributing to the decreases in cash balances are as follows:

- A decrease in the rate of return on investments.
- An increase in expenditures in the General Fund.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets in 2008 and 2007.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2008	2007
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$24,192	\$26,368
Operating Grants and Contributions	226,657	256,774
Total Program Receipts	<u>250,849</u>	<u>283,142</u>
General Receipts:		
Property Taxes	436,441	438,226
Other Taxes	120,727	130,865
Grants and Entitlements Not Restricted to Specific Programs	65,519	59,501
Earnings on Investments	25,941	45,105
Miscellaneous	22,434	22,832
Total General Receipts	<u>671,062</u>	<u>696,529</u>
Total Receipts	<u>921,911</u>	<u>979,671</u>
Disbursements:		
General Government	273,736	246,077
Public Safety	193,819	289,709
Public Works	302,429	244,133
Health	21,660	27,681
Conservation and Recreation	26,181	29,241
Other	1,122	
Capital Outlay	147,026	4,916
Total Disbursements	<u>965,973</u>	<u>841,757</u>
Change in Net Assets	(44,062)	137,914
Net Assets, January 1	1,401,871	1,263,957
Net Assets, December 31	<u>\$1,357,809</u>	<u>\$1,401,871</u>

Program receipts represent only 27 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, cemetery fund, recreation fees, and zoning permits.

General receipts represent 73 percent of the Township's total receipts, and of this amount, over 83 percent are local taxes. State grants and entitlements make up the balance of the Township's general receipts (10 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Disbursements for General Government represent 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.

Public Safety is the cost of fire protection and emergency medical service; Public Works is the cost of road and bridge maintenance and repair.

Governmental Activities

If you look at the Statement of Activities, 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 public safety, which accounts for 31 percent, and, general government and public works, which account for 28 percent and 20 percent respectively. The next two columns 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 2008	Total Cost Of Services 2007	Net Cost of Services 2008	Net Cost of Services 2007
General Government	\$273,736	\$246,077	\$265,275	\$240,257
Public Safety	193,819	289,709	123,149	265,292
Public Works	302,429	244,133	153,305	17,184
Health	21,660	27,681	10,259	15,068
Conservation-Recreation	26,181	29,241	14,988	15,898
Other	1,122		1,122	
Capital Outlay	147,026	4,916	147,026	4,916
Total Expenses	\$965,973	\$841,757	\$715,124	\$558,615

The dependence upon property tax receipts is apparent as \$436,441 of governmental activities is supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$921,911 and disbursements and other financing uses of \$965,973. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased by \$82,223 due to a decrease in the rate of return on investments, and an increase in expenditures for General Government.

General Fund receipts were less than disbursements by \$82,223 indicating that the General Fund is in a deficit spending situation. The Township anticipates collecting delinquent taxes on properties under foreclosure, as opposed to requesting additional funds from taxpayers.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

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 fund is the General Fund.

Final disbursements and other financing uses were budgeted at \$499,605 while actual disbursements and other financing uses were \$444,255. A conservative spending pattern is utilized in general government.

Capital Assets Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure. The Township continues to update its equipment for both the township and fire department, as well as maintaining all township-owned buildings.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Conservative spending by the trustees will continue in 2009. Current investment options of township monies will continue to be explored by the fiscal officer in 2009.

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 Julie Van Nest, Fiscal Officer, Jerusalem Township – Lucas County, Ohio, 9501 Jerusalem Road, Curtice, Ohio, 43412-9708.

Jerusalem Township
Lucas County
Statement of Net Assets - Cash Basis
December 31, 2008

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	<u>\$1,357,809</u>
Net Assets	
Restricted for:	
Other Purposes	1,191,527
Unrestricted	<u>166,282</u>
<i>Total Net Assets</i>	<u>\$1,357,809</u>

See accompanying notes to the basic financial statements

Jerusalem Township
Lucas County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$273,736	\$8,461		(\$265,275)
Public Safety	193,819	-	\$70,670	(123,149)
Public Works	302,429	-	149,124	(153,305)
Health	21,660	11,401	-	(10,259)
Conservation-Recreation	26,181	4,330	6,863	(14,988)
Other	1,122	-	-	(1,122)
Capital Outlay	147,026	-	-	(147,026)
<i>Total Governmental Activities</i>	<u>965,973</u>	<u>24,192</u>	<u>226,657</u>	(715,124)
General Receipts				
Property Taxes				436,441
Other Taxes				120,727
Grants and Entitlements not Restricted to Specific Programs				65,519
Interest				25,941
Miscellaneous				<u>22,434</u>
<i>Total General Receipts</i>				671,062
Change in Net Assets				(44,062)
<i>Net Assets Beginning of Year</i>				<u>1,401,871</u>
<i>Net Assets End of Year</i>				<u><u>\$1,357,809</u></u>

See accompanying notes to the basic financial statements

Jerusalem Township
Lucas County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Gasoline Tax	Road and Bridge	Fire Special Levy	Recreation Special Levy	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$166,282	\$137,445	\$463,839	\$240,836	\$232,079	\$117,328	\$1,357,809
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$40,302		\$5,718	\$8,495			\$54,515
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	125,980						125,980
Special Revenue Funds		\$137,445	458,121	232,341	\$232,079	\$117,328	1,177,314
Total Fund Balances	\$166,282	\$137,445	\$463,839	\$240,836	\$232,079	\$117,328	\$1,357,809

See accompanying notes to the basic financial statements

Jerusalem Township
Lucas County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Gasoline Tax	Road and Bridge	Fire Special Levy	Recreation Special Levy	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$208,832		\$117,647	\$186,228	\$44,461		\$557,168
Licenses, Permits and Fees	3,199		-	-	4,330	\$10,026	17,555
Intergovernmental	65,519	\$95,635	23,621	70,670	6,863	21,643	283,951
Special Assessments	-	-	-	-	-	1,432	1,432
Interest	25,941	4,948	-	-	-	1,844	32,733
Other	18,239	-	5,698	951	2,809	1,375	29,072
<i>Total Receipts</i>	<u>321,730</u>	<u>100,583</u>	<u>146,966</u>	<u>257,849</u>	<u>58,463</u>	<u>36,320</u>	<u>921,911</u>
Disbursements							
Current:							
General Government	273,736	-	-	-	-	-	273,736
Public Safety	-	-	-	193,819	-	-	193,819
Public Works	117,890	91,845	74,150	-	-	18,544	302,429
Health	10,323	-	-	-	-	11,337	21,660
Conservation-Recreation	882	-	-	-	25,299	-	26,181
Capital Outlay	-	-	85,725	61,301	-	-	147,026
<i>Total Disbursements</i>	<u>402,831</u>	<u>91,845</u>	<u>159,875</u>	<u>255,120</u>	<u>25,299</u>	<u>29,881</u>	<u>964,851</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(81,101)</u>	<u>8,738</u>	<u>(12,909)</u>	<u>2,729</u>	<u>33,164</u>	<u>6,439</u>	<u>(42,940)</u>
Other Financing Uses							
Other Financing Uses	(1,122)	-	-	-	-	-	(1,122)
<i>Net Change in Fund Balances</i>	(82,223)	8,738	(12,909)	2,729	33,164	6,439	(44,062)
<i>Fund Balances Beginning of Year</i>	<u>248,505</u>	<u>128,707</u>	<u>476,748</u>	<u>238,107</u>	<u>198,915</u>	<u>110,889</u>	<u>1,401,871</u>
<i>Fund Balances End of Year</i>	<u>\$166,282</u>	<u>\$137,445</u>	<u>\$463,839</u>	<u>\$240,836</u>	<u>\$232,079</u>	<u>\$117,328</u>	<u>\$1,357,809</u>

See accompanying notes to the basic financial statements

Jerusalem Township
Lucas County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$173,000	\$173,000	\$208,832	\$35,832
Licenses, Permits and Fees	1,500	1,500	3,199	1,699
Intergovernmental	37,100	37,100	65,519	28,419
Interest	14,000	14,000	25,941	11,941
Other	3,000	3,000	18,239	15,239
<i>Total Receipts</i>	228,600	228,600	321,730	93,130
Disbursements				
Current:				
General Government	290,905	290,905	296,928	(6,023)
Public Works	136,000	136,000	135,000	1,000
Health	12,000	12,000	10,323	1,677
Conservation-Recreation	13,700	13,700	882	12,818
Capital Outlay	37,000	37,000	-	37,000
<i>Total Disbursements</i>	489,605	489,605	443,133	46,472
<i>Excess of Receipts Under Disbursements</i>	(261,005)	(261,005)	(121,403)	139,602
Other Financing Sources (Uses)				
Other Financing Sources	2,000	2,000	-	(2,000)
Other Financing Uses	(10,000)	(10,000)	(1,122)	8,878
<i>Total Other Financing Sources (Uses)</i>	(8,000)	(8,000)	(1,122)	6,878
<i>Net Change in Fund Balance</i>	(269,005)	(269,005)	(122,525)	146,480
<i>Fund Balance Beginning of Year</i>	248,505	248,505	248,505	-
<i>Fund Balance End of Year</i>	(\$20,500)	(\$20,500)	\$125,980	\$146,480

See accompanying notes to the basic financial statements

Jerusalem Township
Lucas County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gas Tax Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$44,600	\$44,600	\$95,635	\$51,035
Interest	400	400	4,948	4,548
<i>Total Receipts</i>	<u>45,000</u>	<u>45,000</u>	<u>100,583</u>	<u>55,583</u>
Disbursements				
Current:				
Public Works	<u>130,900</u>	<u>130,900</u>	<u>91,845</u>	<u>39,055</u>
<i>Net Change in Fund Balance</i>	(85,900)	(85,900)	8,738	16,528
<i>Fund Balance Beginning of Year</i>	<u>128,707</u>	<u>128,707</u>	<u>128,707</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$42,807</u></u>	<u><u>\$42,807</u></u>	<u><u>\$137,445</u></u>	<u><u>\$16,528</u></u>

See accompanying notes to the basic financial statements

Jerusalem Township
Lucas County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$110,400	\$110,400	\$117,647	\$7,247
Intergovernmental	19,000	19,000	23,621	4,621
Other	1,000	1,000	5,698	4,698
<i>Total Receipts</i>	<u>130,400</u>	<u>130,400</u>	<u>146,966</u>	<u>16,566</u>
Disbursements				
Current:				
Public Works	275,500	275,500	79,868	195,632
Capital Outlay	305,000	305,000	85,725	219,275
<i>Total Disbursements</i>	<u>580,500</u>	<u>580,500</u>	<u>165,593</u>	<u>414,907</u>
<i>Net Change in Fund Balance</i>	(450,100)	(450,100)	(18,627)	(398,341)
<i>Fund Balance Beginning of Year</i>	<u>476,748</u>	<u>476,748</u>	<u>476,748</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$26,648</u>	<u>\$26,648</u>	<u>\$458,121</u>	<u>(\$398,341)</u>

See accompanying notes to the basic financial statements

Jerusalem Township
Lucas County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Levy Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$192,000	\$192,000	\$186,228	(\$5,772)
Intergovernmental	24,000	24,000	70,670	46,670
Other	6,000	6,000	951	(5,049)
<i>Total Receipts</i>	<u>222,000</u>	<u>222,000</u>	<u>257,849</u>	<u>35,849</u>
Disbursements				
Current:				
Public Safety	345,450	345,450	202,314	143,136
Capital Outlay	73,000	73,000	61,301	11,699
<i>Total Disbursements</i>	<u>418,450</u>	<u>418,450</u>	<u>263,615</u>	<u>154,835</u>
<i>Net Change in Fund Balance</i>	(196,450)	(196,450)	(5,766)	(118,986)
<i>Fund Balance Beginning of Year</i>	<u>238,107</u>	<u>238,107</u>	<u>238,107</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$41,657</u>	<u>\$41,657</u>	<u>\$232,341</u>	<u>(\$118,986)</u>

See accompanying notes to the basic financial statements

Jerusalem Township
Lucas County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Recreation Levy Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$36,850	\$36,850	\$44,461	\$7,611
Licenses, Permits and Fees	6,750	6,750	4,330	(2,420)
Intergovernmental	4,900	4,900	6,863	1,963
Other			2,809	2,809
	<u>48,500</u>	<u>48,500</u>	<u>58,463</u>	<u>9,963</u>
Disbursements				
Current:				
Conservation-Recreation	<u>238,500</u>	<u>238,500</u>	<u>25,299</u>	<u>213,201</u>
<i>Net Change in Fund Balance</i>	(190,000)	(190,000)	33,164	(203,238)
<i>Fund Balance Beginning of Year</i>	<u>198,915</u>	<u>198,915</u>	<u>198,915</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,915</u></u>	<u><u>\$8,915</u></u>	<u><u>\$232,079</u></u>	<u><u>(\$203,238)</u></u>

See accompanying notes to the basic financial statements

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 1 – REPORTING ENTITY

Jerusalem Township, Lucas County, Ohio (the Township), is a body politic and corporate established in 1893 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. 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, fire protection; recreation and cemetery maintenance. Police protection is provided by the Lucas County Sheriff's Department.

The Township does not have any component units.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, 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). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The following are the more significant of the Township's accounting policies.

A. 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The statement of net assets presents the cash balance of the governmental 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 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 activity 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 financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. 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 (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Gasoline Tax – The Gasoline Tax Fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

Road and Bridge - The Road and Bridge Fund receives property tax monies for constructing, and maintaining and repairing the Township's roads and bridges.

Fire Levy Fund - The Fire Levy Fund receives property tax monies to pay for Fire and EMS services

Recreation Levy Fund - The Recreation Levy Fund receives property tax monies for recreational activities.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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.

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 expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All 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 certificated 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.

E. Cash and Investments

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

During 2008, 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, 2008.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2008 was \$25,941 which includes \$21,932 assigned from other Township funds.

F. 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.

G. Inventory and Prepaid Items

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

H. 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.

I. 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.

J. 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. 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 Road and Bridges, Fire and EMS Services, and Recreation activities.

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.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 3 – 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, Gasoline Tax Fund, Road and Bridge Fund, Fire Levy Fund, and Recreation Levy Fund prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$40,302 for the general fund, \$5,718 for the Road and Bridge Fund, and \$8,495 for the Fire Levy Fund.

NOTE 4 – 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.

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 percent 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;

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS – (CONTINUED)

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.

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, none of the Township's bank balance of \$146,150 was exposed to custodial credit risk because those deposits were insured by FDIC.

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.

Investments

As of December 31, 2008, the Township investments were in STAR Ohio in the amount of \$1,225,453.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 5 – PROPERTY TAXES – (CONTINUED)

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2008, was \$9.75 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$60,033,080
Commercial/Industrial	5,436,630
Public Utility Property	
Real	1,370
Personal	2,631,280
Tangible Personal Property	895,604
 Total Assessed Value	 <u><u>\$68,997,964</u></u>

NOTE 6 – RISK MANAGEMENT

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

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

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

Casualty Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 6 – RISK MANAGEMENT – (CONTINUED)

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$15,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2006	\$20,353
2007	\$18,067
2008	\$17,331

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 7 – DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans participating in the traditional plan were required to contribute 10.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2008 was 14.0 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006, were \$27,117, \$24,874, and \$21,429, respectively. The full amount has been contributed for 2008, 2007, and 2006.

NOTE 8 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14.0 percent of covered payroll; 7.00 percent of covered payroll was the portion that was used to fund health care.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE 8 - POSTEMPLOYMENT BENEFITS – (CONTINUED)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 4.00 percent annually for the next seven years and 4.00 percent annually after seven years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 363,503. Actual employer contributions for 2008 which were used to fund post-employment benefits were \$13,559. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

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Mary Taylor, CPA

Auditor of State

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

Jerusalem Township
Lucas County
9501 Jerusalem Road
Curtice, Ohio 43412-9708

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 Jerusalem Township, Lucas County, Ohio (the Township) as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated February 11, 2010 in which we disclosed the Township prepares its financial statements on the cash basis of accounting. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the Township's management in a separate letter dated February 11, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated February 11, 2010.

The Township's response to the finding 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.

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



Mary Taylor, CPA
Auditor of State

February 11, 2010

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Finding for Recovery

Ohio Rev Code Section 505.60(A) provides that a board of township trustees may procure and pay all or any part of the cost of the insurance policies described in that section for its officers, employees and their dependents. Ohio Rev. Code Section 505.60(C) then provides that where a township offers the insurance coverage described in section (A), and where an officer or employee is either denied such coverage or opts out of such coverage, the township may reimburse that officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies that the officer or employee otherwise obtains. There is no authority, statutory or otherwise, for the township to reimburse an officer or employee for such premium amounts where the officer or employee did not incur any out-of-pocket costs.

Rodney Graffis, Trustee, was reimbursed for health insurance coverage received through his employer. A review of Mr. Graffis' supporting documentation, however, showed that his health insurance premiums were part of his Union benefit package and were paid by his employer. The Township mistakenly believed that they could reimburse Mr. Graffis for this amount. The warrant was signed by the Trustees and Fiscal Officer. This led to an overpayment to Mr. Graffis in the amount of \$7,566.03.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Rodney Graffis, Trustee, and the Ohio Township Association Risk Management Authority, his bonding company, in the amount of \$7,566.03, and in favor of Jerusalem Township General Fund.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten*, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are secondarily for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen.

Therefore, because the Township Fiscal Officer(s) approved and signed the warrants resulting in improper payments, the following are jointly and severally liable. For the period January 1, 2008 through March 31, 2008, Donald Murray, former Fiscal Officer and his bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for the amount of \$2,522.01. For the period April 1, 2008 through December 31, 2008, Julie Van Nest, Fiscal Officer and her bonding company, Travelers Casualty and Surety Company of America are jointly and severally liable for the amount of \$5,044.02.

Donald Murray and Julie Van Nest will only be liable to the extent that payment is not received from Rodney Graffis.

Officials Response: Township officials agree with the Finding for Recovery.

**JERUSALEM TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Revised Code Section 505.60(A) & (C) Improper payment of Insurance Reimbursement	No	This finding has not been corrected and is repeated in this report as finding 2008-001.
2007-002	Ohio Rev. Code Section 5705.10 Intergovernmental Revenue were posted to incorrect funds	Yes	



Mary Taylor, CPA
Auditor of State

JERUSALEM TOWNSHIP

LUCAS 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
MARCH 11, 2010**