



**Auditor of State
Betty Montgomery**

**JEROME TOWNSHIP
UNION COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Non Expendable Trust Fund - For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Non Expendable Trust Fund For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Prior Audit Findings	13

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Jerome Township
Union County
8770 Brock Road
Plain City, Ohio 43064

To the Board of Trustees:

We have audited the accompanying financial statements of Jerome Township, Union County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting 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 combined fund cash balances and reserves for encumbrances of Jerome Township, Union County, Ohio, as of December 31, 2002, and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jerome Township
Union County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

April 15, 2003

**JEROME TOWNSHIP
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust Fund</u>	
Cash Receipts:				
Local Taxes	\$48,165	\$982,876	\$0	\$1,031,041
Intergovernmental	289,243	153,848	0	443,091
Charges for Services	0	74,088	0	74,088
Licenses, Permits, and Fees	11,309	82,996	0	94,305
Earnings on Investments	34,023	1,348	0	35,371
Other Revenue	28,545	5,560	0	34,105
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	411,285	1,300,716	0	1,712,001
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	131,839	40,818	0	172,657
Public Safety	73,171	822,460	0	895,631
Public Works	4,934	66,069	0	71,003
Health	10,068	120	0	10,188
Conservation - Recreation	14,098	0	0	14,098
Capital Outlay	23,714	273,112	0	296,826
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	257,824	1,202,579	0	1,460,403
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	153,461	98,137	0	251,598
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts:				
Other Sources	5,169	14,981	0	20,150
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	158,630	113,118	0	271,748
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	691,163	1,039,915	2,457	1,733,535
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Fund Cash Balances, December 31	\$849,793	\$1,153,033	\$2,457	\$2,005,283
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Reserve for Encumbrances, December 31	\$3,758	\$35,210	\$0	\$38,968
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The notes to the financial statements are an integral part of this statement.

**JEROME TOWNSHIP
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Nonexpendable Trust Fund</u>	
Cash Receipts:					
Local Taxes	\$39,452	\$949,957	\$0	\$0	\$989,409
Intergovernmental	120,500	146,059	29,470	0	296,029
Charges for Services	0	70,560	0	0	70,560
Licenses, Permits, and Fees	14,642	88,954	0	0	103,596
Earnings on Investments	60,317	3,246	0	131	63,694
Other Revenue	23,099	23,942	0	0	47,041
	<u>258,010</u>	<u>1,282,718</u>	<u>29,470</u>	<u>131</u>	<u>1,570,329</u>
Total Cash Receipts					
	<u>258,010</u>	<u>1,282,718</u>	<u>29,470</u>	<u>131</u>	<u>1,570,329</u>
Cash Disbursements:					
Current:					
General Government	99,232	46,789	0	0	146,021
Public Safety	17,158	780,099	0	0	797,257
Public Works	5,283	72,678	0	0	77,961
Health	11,316	5,463	0	0	16,779
Conservation - Recreation	21,788	0	0	0	21,788
Capital Outlay	13,532	97,730	29,470	0	140,732
	<u>168,309</u>	<u>1,002,759</u>	<u>29,470</u>	<u>0</u>	<u>1,200,538</u>
Total Cash Disbursements					
	<u>168,309</u>	<u>1,002,759</u>	<u>29,470</u>	<u>0</u>	<u>1,200,538</u>
Total Receipts Over Disbursements	<u>89,701</u>	<u>279,959</u>	<u>0</u>	<u>131</u>	<u>369,791</u>
Other Financing Receipts:					
Other Sources	13,006	7,455	0	0	20,461
	<u>13,006</u>	<u>7,455</u>	<u>0</u>	<u>0</u>	<u>20,461</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	<u>102,707</u>	<u>287,414</u>	<u>0</u>	<u>131</u>	<u>390,252</u>
Fund Cash Balances, January 1	<u>588,456</u>	<u>752,501</u>	<u>0</u>	<u>2,326</u>	<u>1,343,283</u>
Fund Cash Balances, December 31	<u><u>\$691,163</u></u>	<u><u>\$1,039,915</u></u>	<u><u>\$0</u></u>	<u><u>\$2,457</u></u>	<u><u>\$1,733,535</u></u>
Reserve for Encumbrances, December 31	<u><u>\$12,910</u></u>	<u><u>\$271,090</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$284,000</u></u>

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

**JEROME TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jerome Township, Union County, (the Township) is a body corporate and politic established 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 provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

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

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

C. Cash and 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 disbursements, respectively.

Certificates of deposit are valued at cost. STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

**JEROME TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

Fire Fund – This fund receives tax money from a special fire levy to help cover the cost of fire protection.

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital projects fund:

Issue II Fund - This fund receives Issue II funds for constructing and repairing Township roads.

4. Fiduciary Fund (Trust Fund)

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund (Non-Expendable Trust) – This fund receives interest on principal to maintain grave sites.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**JEROME TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2002</u>	<u>2001</u>
Demand deposits	\$6,582	\$16,142
Certificates of deposit	1,000	1,000
Total deposits	<u>7,582</u>	<u>17,142</u>
STAR Ohio	1,997,701	1,716,393
Total deposits and investments	<u><u>\$2,005,283</u></u>	<u><u>\$1,733,535</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

**JEROME TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$261,604	\$416,454	\$154,850
Special Revenue	1,241,784	1,315,697	73,913
Capital Projects	40,000	0	(40,000)
Nonexpendable Trust	80	0	(80)
Total	\$1,543,468	\$1,732,151	\$188,683

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$350,800	\$261,582	\$89,218
Special Revenue	1,345,700	1,237,789	107,911
Nonexpendable Trust	500	0	500
Total	\$1,697,000	\$1,499,371	\$197,629

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$248,531	\$271,016	\$22,485
Special Revenue	1,190,275	1,290,173	99,898
Capital Projects	200,000	29,470	(170,530)
Nonexpendable Trust	55	131	76
Total	\$1,638,861	\$1,590,790	(\$48,071)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$308,300	\$181,219	\$127,081
Special Revenue	1,585,475	1,273,849	311,626
Capital Projects	200,000	29,470	170,530
Nonexpendable Trust	500	0	500
Total	\$2,094,275	\$1,484,538	\$609,737

**JEROME TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

7. CONTINGENT LIABILITIES

The Township is a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Township's financial condition.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Jerome Township
Union County
8770 Brock Road
Plain City, Ohio 43064

To the Board of Trustees:

We have audited the accompanying financial statements of Jerome Township, Union County, Ohio (the Township) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated April 15, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 15, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 15, 2003.

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Jerome Township
Union County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

April 15, 2003

**JEROME TOWNSHIP
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000—001	Ohio Rev. Code Section 731.14, bid fire and emergency safety equipment of \$15,000 or more	Yes	Corrected
2000—002	Ohio Rev. Code Section. 5705.41(D), certification of funds	Yes	Corrected



**Auditor of State
Betty Montgomery**

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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
JULY 22, 2003**