



**JERUSALEM TOWNSHIP  
LUCAS COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2020-2019**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

[www.perrycpas.com](http://www.perrycpas.com)



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Board of Trustees  
Jerusalem Township  
9501 Jerusalem Road  
Curtice, Ohio 43412

We have reviewed the *independent Auditor's Report* of Jerusalem Township, Lucas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2020. 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. Jerusalem Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 15, 2021

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**JERUSALEM TOWNSHIP  
LUCAS COUNTY**

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313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

## INDEPENDENT AUDITOR'S REPORT

October 25, 2021

Jerusalem Township  
Lucas County  
9501 Jerusalem Road  
Curtice, Ohio 43412

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 and related notes of **Jerusalem Township**, Lucas County, Ohio (the Township).

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matters***

As discussed in Note 13 in 2020 and Note 10 in 2019 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. As discussed in Note 12 to the 2020 financial statements the Township made several changes to its reporting model. We did not modify our opinion regarding these matters.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**JERUSALEM TOWNSHIP  
LUCAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 168,262	\$ 536,380	\$ 704,642
Licenses, Permits and Fees	23,141	11,170	34,311
Intergovernmental	71,321	393,628	464,949
Special Assessments	-	2,143	2,143
Earnings on Investments	2,724	1,602	4,326
Miscellaneous	23,294	83,770	107,064
	<b>Total Cash Receipts</b>	<b>1,028,693</b>	<b>1,317,435</b>
<b>Cash Disbursements</b>			
Current:			
General Government	154,905	108,265	263,170
Public Safety	-	297,223	297,223
Public Works	141,948	339,223	481,171
Health	8,093	23,590	31,683
Conservation-Recreation	-	43,397	43,397
Capital Outlay	-	90,753	90,753
Debt Service:			
Principal Retirement	-	52,972	52,972
Interest and Fiscal Charges	-	3,256	3,256
	<b>Total Cash Disbursements</b>	<b>958,679</b>	<b>1,263,625</b>
<b>Net Change in Fund Cash Balances</b>	<b>(16,204)</b>	<b>70,014</b>	<b>53,810</b>
<b>Fund Cash Balances, January 1 (Restated, See Note 14)</b>	<b>122,368</b>	<b>652,263</b>	<b>774,631</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 106,164</b>	<b>\$ 722,277</b>	<b>\$ 828,441</b>

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

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Jerusalem Township, Lucas County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

**Public Entity Risk Pool**

The Township participates in a public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to the Ohio Local Governments. Note 6 to the financial statements provide additional information for this entity.

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**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

***Fund Accounting***

The Township uses funds 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. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

***Gasoline Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Special Fire Levy Fund*** This fund receives property tax money for fire protection.

***Recreation Levy Fund*** This fund receives property tax money for use of recreational activities.

***Cemetery Levy Fund*** This fund receives property tax money for use of maintenance and upkeep of the cemetery.

***Coronavirus Relief Fund*** This fund received monies from both the federal and state governments used for the purchase or reimbursement of Covid-19 related expenses.

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***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 approve estimated resources.

***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 2020 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Fund Balance**

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

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 266,000	\$ 288,742	\$ 22,742
Special Revenue	921,487	1,028,693	107,206
<b>Total</b>	<b>\$ 1,187,487</b>	<b>\$ 1,317,435</b>	<b>\$ 129,948</b>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 314,879	\$ 304,946	\$ 9,933
Special Revenue	1,156,091	958,679	197,412
<b>Total</b>	<b>\$ 1,470,970</b>	<b>\$ 1,263,625</b>	<b>\$ 207,345</b>

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2020
<b>Cash Management Pool:</b>	
Demand deposits	\$ 226,867
Total deposits	226,867
STAR Ohio	601,574
Total investments	601,574
Total carrying amount of deposits and investments held in the Pool	<b>\$ 828,441</b>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$0 in unremitted employee payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 4 – Deposits and Investments (Continued)**

***Investments***

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

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 6 – Risk Management (Continued)**

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2020
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

***Social Security***

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 9 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Ambulance Loan	\$ 68,760	2.59%
Backhoe Lease-Purchase	17,301	2.72%
Total	\$ 86,061	

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 – Debt (Continued)**

The Township authorized on October 13, 2017 the execution of Business Loan for the purpose of acquiring a Road Rescue F550 Ambulance. As collateral security for secured obligations, the Township (purchaser) grants to Croghan Colonial Bank (lender) a first priority security interest in the ambulance.

**Leases**

On June 15, 2016 the Township authorized the execution of a Master-Lease Purchase for the purpose of acquiring a Case Backhoe. As collateral for the secured obligations, the Township (Leasee) grants to KS State Bank (Lessor) a first priority security interest in the backhoe. The Township’s disbursed \$17,772 to pay lease cost for the year ended December 31, 2020.

**Amortization**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Ambulance Loan	Backhoe Lease- Purchase	Total
2021	\$ 38,456	\$ 17,772	\$ 56,228
2022	32,046	-	32,046
Total	<u>\$ 70,502</u>	<u>\$ 17,772</u>	<u>\$ 88,274</u>

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were \$0.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.



**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 12 – Change in Accounting Principle**

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received CARES Act funding. Of the amounts received, \$140,287 was sub-granted to other governments and organization, \$0 was returned to the granting agency, and \$0 was spent on-behalf of other governments. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**Note 14 – Prior Period Restatement**

The following adjustments are reflected in the January 1, 2020 fund balances due to previously outstanding checks voided in 2020.

	General Fund	Special Revenue Funds
January 1, 2020 balances	\$ 121,431	\$ 652,123
Voided Checks	937	140
January 1, 2020 balances	\$ 122,368	\$ 652,263

**JERUSALEM TOWNSHIP  
LUCAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 195,513	\$ 496,676	\$ 692,189
Licenses, Permits and Fees	24,261	7,860	32,121
Intergovernmental	39,517	265,179	304,696
Special Assessments	-	1,863	1,863
Earnings on Investments	9,932	4,060	13,992
Miscellaneous	6,529	15,228	21,757
<i>Total Cash Receipts</i>	<u>275,752</u>	<u>790,866</u>	<u>1,066,618</u>
<b>Cash Disbursements</b>			
Current:			
General Government	147,739	1,012	148,751
Public Safety	-	307,112	307,112
Public Works	134,046	345,803	479,849
Health	15,262	11,902	27,164
Conservation-Recreation	-	54,543	54,543
Capital Outlay	-	10,000	10,000
Debt Service:			
Principal Retirement	-	51,596	51,596
Interest and Fiscal Charges	-	4,637	4,637
<i>Total Cash Disbursements</i>	<u>297,047</u>	<u>786,605</u>	<u>1,083,652</u>
<i>Net Change in Fund Cash Balances</i>	(21,295)	4,261	(17,034)
<i>Fund Cash Balances, January 1 (Restated, See Note 11)</i>	<u>142,726</u>	<u>647,862</u>	<u>790,588</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	652,123	652,123
Unassigned	121,431	-	121,431
<i>Fund Cash Balances, December 31</i>	<u>\$ 121,431</u>	<u>\$ 652,123</u>	<u>\$ 773,554</u>

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

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Jerusalem Township, Lucas County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

**Public Entity Risk Pool**

The Township participates in a public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to the Ohio Local Governments. Note 6 to the financial statements provide additional information for this entity.

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**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

***Fund Accounting***

The Township uses funds 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. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

***Gasoline Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Special Fire Levy Fund*** This fund receives property tax money for fire protection.

***Recreation Levy Fund*** This fund receives property tax money for use of recreational activities.

***Cemetery Levy Fund*** This fund receives property tax money for use of maintenance and upkeep of the cemetery.

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***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 approve estimated resources.

***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 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Fund Balance**

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

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

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

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

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

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

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

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 260,300	\$ 275,752	\$ 15,452
Special Revenue	687,150	790,866	103,716
Total	\$ 947,450	\$ 1,066,618	\$ 119,168

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 316,850	\$ 297,076	\$ 19,774
Special Revenue	890,033	786,889	103,144
Total	\$ 1,206,883	\$ 1,083,965	\$ 122,918

**Note 4 – Deposits and Investments**

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

	2019
Demand deposits	\$ 176,227
Total deposits	176,227
STAR Ohio	597,327
Total investments	597,327
Total deposits and investments	\$ 773,554

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Investments**

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

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

***Social Security***

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ambulance Loan	\$ 104,888	2.59%
Backhoe Lease-Purchase	34,144	2.72%
Total	<u>\$ 139,032</u>	

The Township authorized on October 13, 2017 the execution of Business Loan for the purpose of acquiring a Road Rescue F550 Ambulance. As collateral security for secured obligations, the Township (purchaser) grants to Croghan Colonial Bank (lender) a first priority security interest in the ambulance.

***Leases***

On June 15, 2016 the Township authorized the execution of a Master-Lease Purchase for the purpose of acquiring a Case Backhoe. As collateral for the secured obligations, the Township (Leasee) grants to KS State Bank (Lessor) a first priority security interest in the backhoe. The Township's disbursed \$17,772 to pay lease cost for the year ended December 31, 2019.



**Jerusalem Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 9 – Debt (Continued)**

**Amortization**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Ambulance Loan	Backhoe Lease-Purchase	Total
2020	\$ 38,456	\$ 17,772	\$ 56,228
2021	38,456	17,772	56,228
2022	32,046	-	32,046
Total	<u>\$ 108,958</u>	<u>\$ 35,544</u>	<u>\$ 144,502</u>

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 11 – Prior Period Restatement**

The following adjustments are reflected in the January 1, 2019 fund balances due to voided checks and prior period fund balance adjustments that were duplicated in fund activity in 2018.

	General Fund	Special Revenue Funds
December 31, 2018 audited balances	\$ 87,416	\$ 651,370
Voided Checks	785	40
Duplicated activity/ fund balance adjustment in 2018	54,525	(3,548)
January 1, 2019 balances	<u>\$ 142,726</u>	<u>\$ 647,862</u>

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

October 25, 2021

Jerusalem Township  
Lucas County  
9501 Jerusalem Road  
Curtice, Ohio 43412

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and the related notes of the **Jerusalem Township**, Lucas County, (the Township) and have issued our report thereon dated October 25, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township, and that the Township made several changes to its reporting model.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Township’s internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township’s internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations  
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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

***Purpose of this Report***

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**JERUSALEM TOWNSHIP  
LUCAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness**

**Financial Reporting**

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is completed accurate.

During 2020 and 2019, the following reclassifications and adjustments were made to the financial statements and notes to the financial statements:

- In 2019 the Township did not properly classify a portion of the General Fund balance as assigned;
- Trustees salaries were not allocated in accordance with payroll certifications in 2020 & 2019;
- In 2019, the Township did not properly record the debt payment as principal retirement & interest for the Backhoe. In 2020 & 2019 the Township did not properly allocate principal and interest payments for the Ambulance;
- In 2020, a County receipt for road maintenance was improperly recorded miscellaneous revenue instead of Intergovernmental revenue;
- In 2019, a Permissive Motor Vehicle Tax receipt was improperly recorded to the General Fund;
- The Zoning Fund was presented as a Special Revenue Fund and not presented along with the General Fund in 2020, and
- During the audit, aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Township has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances. The Fiscal Officer should use available templates for financial statements and notes to the financial statements on the Auditor of State's website to prepare an accurate financial report.

**Management's Response** – We did not receive a response from officials to this finding.

**JERUSALEM TOWNSHIP  
LUCAS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Reporting	Not Corrected	Repeated as Finding 2020-001
2018-002	ORC 5705.39	Corrected	N/A
2018-003	Failure to completely and accurately perform Bank Reconciliations	Corrected	N/A

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# OHIO AUDITOR OF STATE KEITH FABER



**JERUSALEM TOWNSHIP**

**LUCAS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/28/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)