



**ISLAND CREEK TOWNSHIP
JEFFERSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ISLAND CREEK TOWNSHIP
JEFFERSON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Island Creek Township
Jefferson County
416 Township Road 373
Richmond, Ohio 43944

To the Board of Trustees:

We have audited the accompanying financial statements of Island Creek Township, Jefferson County, Ohio (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. 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 generally accepted auditing standards 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 generally accepted accounting principles.

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 Island Creek Township as of December 31, 2000 and December 31, 1999, 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 March 2, 2001 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.

This report is intended solely for the information and use of the audit committee, management and 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.

Jim Petro
Auditor of State

March 2, 2001

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**ISLAND CREEK TOWNSHIP
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes Receipts	\$12,038	\$317,123		\$329,161
Intergovernmental Receipts	101,997	115,050		217,047
Interest	795			795
Other Revenue	78			78
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	114,908	432,173		547,081
Cash Disbursements:				
Current:				
General Government	77,928			77,928
Public Safety		138,731		138,731
Public Works	280	244,790		245,070
Health	5,644			5,644
Capital Outlay	1,247	6,653		7,900
Debt Service:				
Redemption of Principal			9,938	9,938
Interest and Fiscal Charges			1,588	1,588
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	85,099	390,174	11,526	486,799
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	29,809	41,999	(11,526)	60,282
Other Financing Sources/(Uses):				
Proceeds from Sale of Public Debt:				
Sale of Notes	130,000			130,000
Transfers-In			11,806	11,806
Transfers-Out	(11,596)	(210)		(11,806)
Other Financing Sources		3,382		3,382
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	118,404	3,172	11,806	133,382
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	<hr/>	<hr/>	<hr/>	<hr/>
	148,213	45,171	280	193,664
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	9,602	83,694	12	93,308
Fund Cash Balances, December 31	<hr/> \$157,815 <hr/>	<hr/> \$128,865 <hr/>	<hr/> \$292 <hr/>	<hr/> \$286,972 <hr/>
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$1,618	\$8,050		\$9,668

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

**ISLAND CREEK TOWNSHIP
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes Receipts	\$10,691	\$319,661		\$330,352
Intergovernmental Receipts	87,527	118,427		205,954
Interest	319			319
Other Revenue	10,560	245		10,805
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	109,097	438,333		547,430
Cash Disbursements:				
Current:				
General Government	89,410			89,410
Public Safety		140,278		140,278
Public Works	15,222	284,746		299,968
Health	7,647			7,647
Capital Outlay	7,019	14,156		21,175
Debt Service:				
Redemption of Principal			11,899	11,899
Interest and Fiscal Charges			1,601	1,601
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	119,298	439,180	13,500	571,978
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(10,201)	(847)	(13,500)	(24,548)
Other Financing Sources/(Uses):				
Transfers-In	824	500	14,200	15,524
Transfers-Out	(13,400)	(1,300)	(824)	(15,524)
Other Financing Sources		1,544		1,544
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	(12,576)	744	13,376	1,544
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	<hr/>	<hr/>	<hr/>	<hr/>
	(22,777)	(103)	(124)	(23,004)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	32,379	83,797	136	116,312
Fund Cash Balances, December 31	<hr/> \$9,602 <hr/>	<hr/> \$83,694 <hr/>	<hr/> \$12 <hr/>	<hr/> \$93,308 <hr/>
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$1,351	\$7,814		\$9,165

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

**ISLAND CREEK TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Island Creek Township, Jefferson 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 general governmental services, including road and bridge maintenance, and cemetery maintenance. The Township contracts with five volunteer fire departments to provide fire protection.

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. Fund Accounting

The Township uses fund accounting to segregate cash that is 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:

Road and Bridge Fund - This fund receives tax levy money to pay for constructing, maintaining and repairing Township roads.

Road Levy Fund - This fund receives tax levy money to pay for constructing, maintaining, and repairing Township roads.

3. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township utilized this fund to account for payment of general obligation notes.

**ISLAND CREEK TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 or 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. Appropriations lapse at year end. The Township had appropriations that exceeded estimated resources during 1999 in the Debt Service Fund.

2. Estimated Resources

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

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 2000 and 1999 budgetary activity appears in Note 3.

E. 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.

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$286,972</u>	<u>\$93,308</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**ISLAND CREEK TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$249,108	\$244,908	(\$4,200)
Special Revenue	439,755	435,555	(4,200)
Debt Service	11,806	11,806	0
Total	\$700,669	\$692,269	(\$8,400)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$237,685	\$98,313	\$139,372
Special Revenue	507,214	398,434	108,780
Debt Service	11,537	11,526	11
Total	\$756,436	\$508,273	\$248,163

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$109,921	\$109,921	\$0
Special Revenue	440,377	440,377	0
Debt Service	14,200	14,200	0
Total	\$564,498	\$564,498	\$0

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$148,299	\$134,049	\$14,250
Special Revenue	513,250	448,294	64,956
Debt	16,442	14,324	2,118
Total	\$677,991	\$596,667	\$81,324

**ISLAND CREEK TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rates
Truck Loan	\$128,127	5.8%
Backhoe Loan	<u>12,123</u>	5.9%
Total	\$140,250	

The proceeds of the loans were used to purchase a truck and a backhoe. Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Truck Loan	Backhoe Loan
2001	\$30,014	\$9,024
2002	30,014	4,784
2003	30,014	
2004	30,014	
2005	<u>27,513</u>	
Total	\$147,569	<u>\$13,808</u>

6. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. For 2000, the Township contributed an amount equal to 10.84% of participants' gross salaries and for 1999, the Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**ISLAND CREEK TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Association (OTARMA) and has obtained insurance for the following risks:

- Legal Liability - Third party claims coverage
- Automobile Liability Coverage
- Wrongful Acts Coverage
- Automobile Physical Damage
- Property Coverage:
 - Building and Contents
 - Inland Marine

The Township also provides health insurance, dental coverage, and life insurance to full-time employees through a private carrier.

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

Island Creek Township
Jefferson County
416 Township Road 373
Richmond, Ohio 43944

To the Board of Trustees:

We have audited the accompanying financial statements of Island Creek Township, Jefferson County (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 2, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-41241-001. We also noted certain immaterial instances of noncompliance, which we have reported to management of the Township in a separate letter dated March 2, 2001.

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.

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

Jim Petro
Auditor of State

March 2, 2001

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ISLAND CREEK TOWNSHIP
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

Finding Number	2000-41241-001
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Ohio Revised Code § 5705.39 provides that the total appropriation from each fund shall not exceed the total estimated revenue available certified by the county auditor.

In 1999, the appropriations exceeded the total certified estimated revenue available in the Debt Service Fund by 15%.

The Township should compare the appropriations to the total estimated resources and make necessary adjustments to ensure compliance with applicable Ohio Revised Code requirements. The Township was informed that Ohio Revised Code § 5705.36 permits a subdivision to request an increased amended certificate if resources are sufficient to do so.



STATE OF OHIO
OFFICE OF THE AUDITOR

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ISLAND CREEK TOWNSHIP

JEFFERSON 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
MAY 1, 2001**