



**ISRAEL TOWNSHIP
PREBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**ISRAEL TOWNSHIP
PREBLE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Israel Township
Preble County
5678 Israel-Somers Road
Camden, OH 45311

To the Board of Trustees:

We have audited the accompanying financial statements of Israel Township, Preble County, Ohio (the Township), as of and for the years ended December 31, 2000 and 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 of the Township as of December 31, 2000 and 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 June 15, 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.

Israel Township
Preble County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, of the 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

June 15, 2001

**ISRAEL TOWNSHIP
PREBLE COUNTY**

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

Governmental Fund Types

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Fiduciary Funds</u> | <u>Totals (Memorandum Only)</u> |
|---|-------------------------|----------------------------|-----------------------------|----------------------------|---|
| Cash Receipts: | | | | | |
| Local Taxes | \$70,118 | \$19,294 | | | \$89,412 |
| Intergovernmental | 50,529 | 64,935 | | | 115,464 |
| Special Assessments | | | \$3,895 | | 3,895 |
| Licenses, Permits, and Fees | | 2,000 | | | 2,000 |
| Earnings on Investments | 6,235 | 3,960 | | \$88 | 10,283 |
| Other Revenue | 19 | 2,125 | | | 2,144 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 126,901 | 92,314 | 3,895 | 88 | 223,198 |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| General Government | 56,747 | | | | 56,747 |
| Public Safety | 4,000 | | | | 4,000 |
| Public Works | 28,244 | 71,894 | 3,461 | | 103,599 |
| Health | 13,516 | 108 | | | 13,624 |
| Capital Outlay | | 22,775 | | | 22,775 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 102,507 | 94,777 | 3,461 | 0 | 200,745 |
| Total Receipts Over/(Under) Disbursements | 24,394 | (2,463) | 434 | 88 | 22,453 |
| Fund Cash Balances, January 1 | 83,326 | 120,583 | 3,827 | 2,709 | 210,445 |
| Fund Cash Balances, December 31 | <u>\$107,720</u> | <u>\$118,120</u> | <u>\$4,261</u> | <u>\$2,797</u> | <u>\$232,898</u> |

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

**ISRAEL TOWNSHIP
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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>Capital Projects</u> | <u>Fiduciary Funds</u> | |
| Cash Receipts: | | | | | |
| Local Taxes | \$64,198 | \$16,197 | | | \$80,395 |
| Intergovernmental | 19,341 | 64,442 | | | 83,783 |
| Special Assessments | | | \$3,951 | | 3,951 |
| Licenses, Permits, and Fees | | 2,600 | | | 2,600 |
| Earnings on Investments | 5,827 | 3,712 | | \$97 | 9,636 |
| Other Revenue | 10 | 625 | | | 635 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 89,376 | 87,576 | 3,951 | 97 | 181,000 |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| General Government | 55,644 | | | | 55,644 |
| Public Safety | 6,600 | | | | 6,600 |
| Public Works | 48,930 | 69,076 | 3,487 | | 121,493 |
| Health | 8,874 | | | | 8,874 |
| Capital Outlay | 3,699 | | | | 3,699 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 123,747 | 69,076 | 3,487 | 0 | 196,310 |
| Total Receipts Over/(Under) Disbursements | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | (34,371) | 18,500 | 464 | 97 | (15,310) |
| Fund Cash Balances, January 1 | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 117,697 | 102,083 | 3,363 | 2,612 | 225,755 |
| Fund Cash Balances, December 31 | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | \$83,326 | \$120,583 | \$3,827 | \$2,709 | \$210,445 |

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

**ISRAEL TOWNSHIP
PREBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Israel Township, Preble 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Camden-Somers Township Fire District and West College Corner Fire Department to provide fire services and Village of Camden to provide ambulance 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

Certificates of deposit are valued at cost. The investment in STAROhio (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:

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

**ISRAEL TOWNSHIP
PREBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Capital Project Funds

These funds are 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 project funds:

- Morning Sun Lighting Fund - This fund receives the special assessment taxes assessed on the benefitting property owners of Morning Sun.
- Fairhaven Lighting Fund - This fund receives the special assessment taxes assessed on the benefitting property owners of Fairhaven.
- Lakeland Terrace Lighting Fund - This fund receives the special assessment taxes assessed on the benefitting property owners of Lakeland Terrace.

4. Fiduciary Funds (Non-expendable Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The Township had two Cemetery Bequest Funds.

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 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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. 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 canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**ISRAEL TOWNSHIP
PREBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Unpaid Vacation

The Township's full-time employee receives vacation leave each year. Vacation leave must be used in the year the employee received it.

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>2000</u> | <u>1999</u> |
|--------------------------------|-------------------------|-------------------------|
| Demand deposits | \$63,761 | \$84,905 |
| Certificates of deposit | <u>2,050</u> | <u>2,050</u> |
| Total deposits | <u>65,811</u> | <u>86,955</u> |
| STAROhio | <u>167,087</u> | <u>123,490</u> |
| Total investments | <u>167,087</u> | <u>123,490</u> |
| Total deposits and investments | <u><u>\$232,898</u></u> | <u><u>\$210,445</u></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.

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

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 | \$85,730 | \$126,901 | \$41,171 |
| Special Revenue | 84,449 | 92,314 | 7,865 |
| Capital Projects | 3,770 | 3,895 | 125 |
| Fiduciary | <u>115</u> | <u>88</u> | <u>(27)</u> |
| Total | <u><u>\$174,064</u></u> | <u><u>\$223,198</u></u> | <u><u>\$49,134</u></u> |

**ISRAEL TOWNSHIP
PREBLE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$168,500 | \$102,507 | \$65,993 |
| Special Revenue | 202,500 | 94,777 | 107,723 |
| Capital Projects | 6,400 | 3,461 | 2,939 |
| Fiduciary | 725 | 0 | 725 |
| Total | <u>\$378,125</u> | <u>\$200,745</u> | <u>\$177,380</u> |

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$84,410 | \$89,376 | \$4,966 |
| Special Revenue | 80,809 | 87,576 | 6,767 |
| Capital Projects | 3,770 | 3,951 | 181 |
| Fiduciary | 115 | 97 | (18) |
| Total | <u>\$169,104</u> | <u>\$181,000</u> | <u>\$11,896</u> |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$198,200 | \$123,747 | \$74,453 |
| Special Revenue | 164,000 | 69,076 | 94,924 |
| Capital Projects | 5,400 | 3,487 | 1,913 |
| Fiduciary | 550 | 0 | 550 |
| Total | <u>\$368,150</u> | <u>\$196,310</u> | <u>\$171,840</u> |

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.

**ISRAEL TOWNSHIP
PREBLE COUNTY**

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

4. PROPERTY TAX (Continued)

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 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, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries during 1999 and 10.84% during 2000. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policy. OTARMA may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Township provides life insurance to the employee and elected officials through a private carrier. The Township also provides health insurance to the full-time employee through a private carrier.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Israel Township
Preble County
5678 Israel-Somers Road
Camden, OH 45311

To the Board of Trustees:

We have audited the accompanying financial statements of Israel Township, Preble County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 15, 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 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 certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 15, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 June 15, 2001.

Israel Township
Preble County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended 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.

Jim Petro
Auditor of State

June 15, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ISRAEL TOWNSHIP

PREBLE 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 10, 2001**