



**CATAWBA ISLAND TOWNSHIP
OTTAWA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CATAWBA ISLAND TOWNSHIP
OTTAWA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Catawba Island Township
Ottawa County
4822 East Cemetery Road
Port Clinton, Ohio 43452-3027

To the Board of Trustees:

We have audited the accompanying financial statements of Catawba Island Township, Ottawa 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 audits.

We conducted our audits 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 audits 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 audits provide 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 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 May 16, 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 audits.

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

Jim Petro
Auditor of State

May 16, 2001

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**CATAWBA ISLAND TOWNSHIP
OTTAWA 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>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$416,482	\$195,067		\$611,549
Intergovernmental	164,044	78,564	\$1,676	244,284
Licenses, Permits, and Fees		17,012		17,012
Fines, Forfeitures, and Penalties		6,290		6,290
Earnings on Investments	131,849	8,313		140,162
Other Revenue	25,770	8,899		34,669
	<u>738,145</u>	<u>314,145</u>	<u>1,676</u>	<u>1,053,966</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	313,621	9,662		323,283
Public Safety	175,413	197,509		372,922
Public Works	16,523	203,191		219,714
Health	29,660			29,660
Conservation - Recreation	111,168			111,168
Capital Outlay	2,195	29,018	1,726	32,939
	<u>648,580</u>	<u>439,380</u>	<u>1,726</u>	<u>1,089,686</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>89,565</u>	<u>(125,235)</u>	<u>(50)</u>	<u>(35,720)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		93,000		93,000
Transfers-Out	<u>(93,000)</u>			<u>(93,000)</u>
	<u>(93,000)</u>	<u>93,000</u>		
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,435)	(32,235)	(50)	(35,720)
Fund Cash Balances, January 1	<u>1,626,445</u>	<u>611,690</u>	<u>627</u>	<u>2,238,762</u>
Fund Cash Balances, December 31	<u>\$1,623,010</u>	<u>\$579,455</u>	<u>\$577</u>	<u>\$2,203,042</u>
Reserve for Encumbrances, December 31	<u>\$21,223</u>	<u>\$3,869</u>		<u>\$25,092</u>

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

**CATAWBA ISLAND TOWNSHIP
OTTAWA 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>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$423,964	\$199,342		\$623,306
Intergovernmental	172,142	78,097	\$21,838	272,077
Licenses, Permits, and Fees		26,153		26,153
Fines, Forfeitures, and Penalties		6,197		6,197
Earnings on Investments	111,653	10,622		122,275
Other Revenue	13,701	16,613		30,314
	<u>721,460</u>	<u>337,024</u>	<u>21,838</u>	<u>1,080,322</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	707,470	9,260		716,730
Public Safety	171,463	162,834		334,297
Public Works	11,470	366,178		377,648
Health	28,727	20,886		49,613
Conservation - Recreation	2,074			2,074
Capital Outlay	22,000	775	27,869	50,644
	<u>943,204</u>	<u>559,933</u>	<u>27,869</u>	<u>1,531,006</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(221,744)</u>	<u>(222,909)</u>	<u>(6,031)</u>	<u>(450,684)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets		4,646		4,646
Transfers-In		195,000		195,000
Transfers-Out	(195,000)			(195,000)
Other Sources	1,841			1,841
	<u>(193,159)</u>	<u>199,646</u>		<u>6,487</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(414,903)	(23,263)	(6,031)	(444,197)
Fund Cash Balances, January 1	<u>2,041,348</u>	<u>634,953</u>	<u>6,658</u>	<u>2,682,959</u>
Fund Cash Balances, December 31	<u>\$1,626,445</u>	<u>\$611,690</u>	<u>\$627</u>	<u>\$2,238,762</u>
Reserve for Encumbrances, December 31	<u>\$82,447</u>	<u>\$19,347</u>		<u>\$101,794</u>

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

**CATAWBA ISLAND TOWNSHIP
OTTAWA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Catawba Island Township, Ottawa 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'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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 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.

**CATAWBA ISLAND TOWNSHIP
OTTAWA COUNTY**

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

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

Police Fund - This fund receives money from a special levy to provide police protection for the township residents.

Fire Fund - This fund receives money from a special levy to provide fire protection and emergency medical services for the residents of the township.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

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.

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 and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**CATAWBA ISLAND TOWNSHIP
OTTAWA COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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	\$56,474	\$150,063
STAR Ohio	<u>2,146,568</u>	<u>2,088,699</u>
Total deposits and investments	<u><u>\$2,203,042</u></u>	<u><u>\$2,238,762</u></u>

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

Investments: Investments in STAR Ohio 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	\$451,650	\$738,145	\$286,495
Special Revenue	423,350	407,145	(16,205)
Capital Projects	<u>1,676</u>	<u>1,676</u>	
Total	<u><u>\$876,676</u></u>	<u><u>\$1,146,966</u></u>	<u><u>\$270,290</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,078,095	\$762,803	\$1,315,292
Special Revenue	1,029,036	443,249	585,787
Capital Projects	<u>2,136</u>	<u>1,726</u>	410
Total	<u><u>\$3,109,267</u></u>	<u><u>\$1,207,778</u></u>	<u><u>\$1,901,489</u></u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$451,650	\$723,301	\$271,651
Special Revenue	423,350	536,670	113,320
Capital Projects	<u>41,000</u>	<u>21,838</u>	(19,162)
Total	<u><u>\$916,000</u></u>	<u><u>\$1,281,809</u></u>	<u><u>\$365,809</u></u>

**CATAWBA ISLAND TOWNSHIP
OTTAWA COUNTY**

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

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,422,151	\$1,220,651	\$1,201,500
Special Revenue	1,052,946	579,280	473,666
Capital Projects	6,659	27,869	(21,210)
Total	\$3,481,756	\$1,827,800	\$1,653,956

The negative variance in the Capital Project fund type is due to audit adjustments to report State Issue II funds spent on the Township's behalf which were not recorded on the Township's books.

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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. RETIREMENT SYSTEMS

Township employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. 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, police officers contributed 9% of their wages to PERS. The Township contributed 15.7 % and 16.7 % of gross salaries for law enforcement, respectively. Other employees contributed 8.5 % of their gross salaries to PERS. The Township contributed an amount equal to 10.84 % and 13.55 % of participants' gross salaries in 2000 and 1999, respectively. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with more than 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

**CATAWBA ISLAND TOWNSHIP
OTTAWA COUNTY**

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

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Township also provides health insurance and dental and vision coverage 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**

Catawba Island Township
Ottawa County
4822 East Cemetery Road
Port Clinton, Ohio 43452-3027

To the Board of Trustees:

We have audited the accompanying financial statements of Catawba Island Township, Ottawa County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 16, 2001. We conducted our audits 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 audits 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 May 16, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 the management of the Township in a separate letter dated May 16, 2001.

Catawba Island Township
Ottawa County
Report of Independent Accountants 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

May 16, 2001



STATE OF OHIO
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CATAWBA ISLAND TOWNSHIP

OTTAWA 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
JUNE 7, 2001**