



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PUT-IN-BAY TOWNSHIP
OTTAWA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Put-in-Bay Township
Ottawa County
624 Trenton Avenue
P.O. Box 127
Put-in-Bay, Ohio 43456-0127

To the Board of Trustees:

We have audited the accompanying financial statements of Put-in-Bay Township (the Township) as of and for the year ended December 31, 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than 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, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2002 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.

Put-in-Bay Township
Ottawa County
Report of Independent Accountants
Page 2

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, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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Jim Petro
Auditor of State

November 12, 2002

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**PUT-IN-BAY TOWNSHIP
OTTAWA 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, 2001**

	Governmental Fund Types	
	General	Special Revenue
Cash Receipts:		
Local Taxes	\$276,074	\$423,360
Intergovernmental	109,789	113,003
Licenses, Permits, and Fees	11,261	3,050
Fines, Forfeitures, and Penalties	3,117	
Earnings on Investments	4,965	285
Other Revenue		37,355
Total Cash Receipts	405,206	577,053
Cash Disbursements:		
Current:		
General Government	176,997	60,390
Public Safety	112,407	153,309
Public Works	15,000	292,100
Health		5,000
Conservation - Recreation		6,380
Debt Service:		
Redemption of Principal		70,000
Interest and Fiscal Charges		10,750
Capital Outlay		18,036
Total Cash Disbursements	304,404	615,965
Total Receipts Over/(Under) Disbursements	100,802	(38,912)
Other Financing Receipts and (Disbursements):		
Transfers-In		10,000
Transfers-Out		(10,000)
Other Sources	19,963	
Other Uses	(4,000)	
Total Other Financing Receipts/(Disbursements)	15,963	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	116,765	(38,912)
Fund Cash Balances, January 1	49,488	291,033
Fund Cash Balances, December 31	\$166,253	\$252,121

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

<u>Governmental Fund Types</u>			<u>Totals</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	<u>(Memorandum Only)</u>
			\$699,434
			222,792
			14,311
			3,117
\$482		\$20	5,752
			37,355
<hr/>	<hr/>	<hr/>	<hr/>
482		20	982,761
<hr/>	<hr/>	<hr/>	<hr/>
			237,387
			265,716
			307,100
			5,000
			6,380
			70,000
			10,750
			18,036
<hr/>	<hr/>	<hr/>	<hr/>
			920,369
<hr/>	<hr/>	<hr/>	<hr/>
482		20	62,392
<hr/>	<hr/>	<hr/>	<hr/>
			10,000
			(10,000)
			19,963
			(4,000)
<hr/>	<hr/>	<hr/>	<hr/>
			15,963
<hr/>	<hr/>	<hr/>	<hr/>
482		20	78,355
<hr/>	<hr/>	<hr/>	<hr/>
24,879	\$2,310	1,027	368,737
<hr/>	<hr/>	<hr/>	<hr/>
\$25,361	\$2,310	\$1,047	\$447,092

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**PUT-IN-BAY TOWNSHIP
OTTAWA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Put-in-Bay Township (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, refuse collection, doctor services and emergency medical services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

South Bass Fire District Fund – This fund receives tax levy monies for providing fire services to South Bass Island.

**PUT-IN-BAY TOWNSHIP
OTTAWA COUNTY**

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

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

4. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

5. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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.

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 carried over, and need not be reappropriated.

A summary of 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

**PUT-IN-BAY TOWNSHIP
OTTAWA COUNTY**

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

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:

	2001
Demand deposits	\$357,684
Savings accounts	23,757
Total deposits	381,441
STAR Ohio	65,651
Total deposits and investments	\$447,092

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$274,919	\$425,169	\$150,250
Special Revenue	612,540	587,053	(25,487)
Debt Service	1,914	482	(1,432)
Fiduciary		20	20
Total	\$889,373	\$1,012,724	\$123,351

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$324,407	\$308,404	\$16,003
Special Revenue	891,127	625,965	265,162
Debt Service	26,792		26,792
Capital Projects	2,310		2,310
Fiduciary	1,027		1,027
Total	\$1,245,663	\$934,369	\$311,294

**PUT-IN-BAY TOWNSHIP
OTTAWA COUNTY**

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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, 2001 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$145,000	5%

The general obligation note relates to fire station improvements.

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

Year ending December 31:	General Obligation Notes
2002	\$77,250
2003	78,750
Total	\$156,000

6. 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 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Township has paid all contributions required through December 31, 2001.

**PUT-IN-BAY TOWNSHIP
OTTAWA COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability (including inland marine);
- Automobile; and
- Public officials' liability.

8. CONTINGENT LIABILITIES

The Township is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. RELATED PARTY TRANSACTIONS

A Township Trustee is the owner of a company that the Township contracted for various maintenance work performed on North Bass Island during 2001. The Township paid \$9,038 in 2001 for this work.

10. RESORT TAX

The Township assesses a 1.5% resort tax on the gross sales of all island businesses. In 2001, the Township collected \$105,512 from this tax which was deposited into the general fund.

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

Put-in-Bay Township
Ottawa County
624 Trenton Avenue
P.O. Box 127
Put-in-Bay, Ohio 43456-0127

To the Board of Trustees:

We have audited the accompanying financial statements of Put-in-Bay Township (the Township) as of and for the year ended December 31, 2001, and have issued our report thereon dated November 12, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated November 12, 2002.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated November 12, 2002.

Put-in-Bay Township
Ottawa County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

November 12, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
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800-282-0370
Facsimile 614-466-4490

PUT-IN-BAY 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
DECEMBER 10, 2002**