



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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 years ended December 31, 2003 and 2002. 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 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 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audits provide a reasonable basis for our opinion.

As described 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, 2003 and 2002, 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 October 18, 2004 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 the audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 18, 2004

**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, 2003**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Funds	
Cash Receipts:						
Local Taxes	\$ 230,806	\$ 422,154				\$ 652,960
Intergovernmental	42,324	101,118				143,442
Licenses, Permits, and Fees	14,891	1,650				16,541
Fines, Forfeitures, and Penalties	2,604					2,604
Earnings on Investments	1,929	164				2,093
Other Revenue		39,989		\$ 14		40,003
Total Cash Receipts	292,554	565,075		14		857,643
Cash Disbursements:						
Current:						
General Government	186,504	74,372				260,876
Public Safety	149,515	146,839				296,354
Public Works	6,413	285,728				292,141
Health		237				237
Conservation - Recreation		5,583				5,583
Debt Service:						
Redemption of Principal		75,000				75,000
Interest and Fiscal Charges		1,875				1,875
Capital Outlay		26,962				26,962
Total Cash Disbursements	342,432	616,596				959,028
Total Receipts Over/(Under)						
Disbursements	(49,878)	(51,521)		14		(101,385)
Other Financing Receipts and (Disbursements):						
Transfers-In		9,100				9,100
Transfers-Out	(9,100)					(9,100)
Other Sources	61,138					61,138
Total Other Financing Receipts/(Disbursements)	52,038	9,100				61,138
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,160	(42,421)		14		(40,247)
Fund Cash Balances, January 1	114,798	356,808	\$ 25,483	2,310	\$ 1,047	500,446
Fund Cash Balances, December 31	\$ 116,958	\$ 314,387	\$ 25,483	\$ 2,324	\$ 1,047	\$ 460,199

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**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, 2002**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Funds	
Cash Receipts:						
Local Taxes	\$ 207,247	\$ 433,608				\$ 640,855
Intergovernmental	95,631	106,653				202,284
Licenses, Permits, and Fees	15,897	2,725				18,622
Fines, Forfeitures, and Penalties	3,336					3,336
Earnings on Investments	2,594	162	\$ 122			2,878
Other Revenue		27,195				27,195
Total Cash Receipts	324,705	570,343	122			895,170
Cash Disbursements:						
Current:						
General Government	272,820	58,502				331,322
Public Safety	152,000	137,398				289,398
Public Works	5,180	191,830				197,010
Health		250				250
Conservation - Recreation		6,927				6,927
Debt Service:						
Redemption of Principal		70,000				70,000
Interest and Fiscal Charges		7,325				7,325
Capital Outlay		21,388				21,388
Total Cash Disbursements	430,000	493,620				923,620
Total Receipts Over/(Under)						
Disbursements	(105,295)	76,723	122			(28,450)
Other Financing Receipts and (Disbursements):						
Transfers-In		9,501				9,501
Transfers-Out	(9,501)					(9,501)
Other Sources	82,385	18,463				100,848
Other Uses	(19,045)					(19,045)
Total Other Financing Receipts/(Disbursements)	53,839	27,964				81,803
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(51,456)	104,687	122			53,353
Fund Cash Balances, January 1	166,254	252,121	25,361	\$ 2,310	\$ 1,047	447,093
Fund Cash Balances, December 31	\$ 114,798	\$ 356,808	\$ 25,483	\$ 2,310	\$ 1,047	\$ 500,446

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Put-in-Bay 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 road and bridge maintenance, cemetery maintenance, fire protection, emergency medical services, doctor services and refuse collection.

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:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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.

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

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. Currently, the Township has only one such fund that accounts for monies to be used for a bike path project.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 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.

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:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

	2003	2002
Demand deposits	\$ 371,707	\$ 409,356
Savings accounts	20,910	24,252
Total deposits	392,617	433,608
STAR Ohio	67,582	66,838
Total investments	67,582	66,838
Total deposits and investments	\$ 460,199	\$ 500,446

Deposits: Deposits are either 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, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 413,513	\$ 353,692	\$ (59,821)
Special Revenue	568,184	574,175	5,991
Debt Service	122		(122)
Capital Projects		14	14
Fiduciary	6		(6)
Total	\$ 981,825	\$ 927,881	\$ (53,944)

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 528,000	\$ 351,532	\$ 176,468
Special Revenue	861,729	616,596	245,133
Debt Service	25,605		25,605
Capital Projects	2,310		2,310
Fiduciary	1,066		1,066
Total	<u>\$ 1,418,710</u>	<u>\$ 968,128</u>	<u>\$ 450,582</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 452,996	\$ 407,090	\$ (45,906)
Special Revenue	559,866	598,307	38,441
Debt Service	483	122	(361)
Fiduciary	21		(21)
Total	<u>\$ 1,013,366</u>	<u>\$ 1,005,519</u>	<u>\$ (7,847)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 621,000	\$ 458,546	\$ 162,454
Special Revenue	757,343	493,620	263,723
Debt Service	25,844		25,844
Capital Projects	2,310		2,310
Fiduciary	1,066		1,066
Total	<u>\$ 1,407,563</u>	<u>\$ 952,166</u>	<u>\$ 455,397</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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Township's OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program, and other administrative services to approximately 500 Ohio governments (Members).

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is 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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

each Member's needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures with A-VII or better rated carriers, except for a 5 percent portion the Plan retains. With policies effective September 1, 2003 and after, the Plan pays the lesser of 5 percent or \$25,000 for casualty losses up to the coverage limit and the lesser of 5 percent or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2003 and 2002.

	2003	2002
Assets	\$ 5,402,167	\$ 5,584,592
Liabilities	(1,871,123)	(2,441,793)
Members' Equity	\$ 3,531,044	\$ 3,142,799

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

7. RELATED PARTY TRANSACTIONS

A Township Trustee is the owner of a company that the Township contracted with for various maintenance work performed on North Bass Island during 2003 and 2002. The Township paid \$10,772 in 2003 and \$7,937 in 2002 for this work.

8. RESORT TAX

The Township assesses a 1.5 percent resort tax on the gross sales of all island businesses. The Township collected \$161,159 in 2003 and \$160,759 in 2002 from this tax which was deposited in the General Fund.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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 financial statements of Put-in-Bay Township (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 18, 2004, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audits 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 tested its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could directly and materially affect the 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 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 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to the Township's management in a separate letter dated October 18, 2004.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting 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 Society in a separate letter dated October 5, 2004.

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.



Betty Montgomery
Auditor of State

October 18, 2004

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

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

Finding For Recovery Repaid Under Audit

In 2002 the Township Clerk paid two of the trustees, Matt Miller and Dale Burris, an additional \$1,380 for amounts he believed they were underpaid during fiscal years 1998 and 1999. When recomputing the amounts the trustees were paid for the two years, we discovered that the Clerk mistakenly used the 1998 and 1999 net amounts instead of the gross amounts when determining if the correct amounts were paid. The gross amount originally paid to both trustees was in accordance with the amounts set forth by the Ohio Revised Code § 505.24. This error resulted in an overpayment of \$680 for 1998 and \$700 for 1999 for both of the trustees.

Dale Burris, Trustee, made restitution to the Township on July 30, 2004 by writing the Township a personal check for the full amount of \$1,380.

Matt Miller, Trustee, made restitution to the Township by forfeiting his July 2004 wages of \$777.66 and August 2004 wages of \$602.34



**Auditor of State
Betty Montgomery**

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PUT-INBAY 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
NOVEMBER 16, 2004**