



Dave Yost • Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Put-in-Bay Township, Ottawa County, Ohio (the Township) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Put-in-Bay Township, Ottawa County, Ohio as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 1, 2016

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

|  | <b>General</b>   | <b>Special<br/>Revenue</b> | <b>Capital<br/>Projects</b> | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|------------------|----------------------------|-----------------------------|---|
| <b>Cash Receipts</b>                         |                  |                            |                             |   |
| Property and Other Local Taxes               | \$563,893        | \$928,594                  |                             | \$1,492,487                             |
| Charges for Services                         | 11,496           |                            |                             | 11,496                                  |
| Licenses, Permits and Fees                   | 5,396            | 4,075                      |                             | 9,471                                   |
| Fines and Forfeitures                        | 976              |                            |                             | 976                                     |
| Intergovernmental                            | 121,673          | 153,167                    |                             | 274,840                                 |
| Earnings on Investments                      | 5,485            | 781                        |                             | 6,266                                   |
| Miscellaneous                                | 10,180           | 7,853                      |                             | 18,033                                  |
| <i>Total Cash Receipts</i>                   | <u>719,099</u>   | <u>1,094,470</u>           |                             | <u>1,813,569</u>                        |
| <b>Cash Disbursements</b>                    |                  |                            |                             |   |
| Current:                                     |                  |                            |                             |   |
| General Government                           | 266,202          | 55,155                     |                             | 321,357                                 |
| Public Safety                                | 236,900          | 384,756                    |                             | 621,656                                 |
| Public Works                                 | 24,727           | 415,726                    |                             | 440,453                                 |
| Health                                       |                  | 44,708                     |                             | 44,708                                  |
| Human Services                               | 38,338           |                            |                             | 38,338                                  |
| Capital Outlay                               | 2,124            |                            |                             | 2,124                                   |
| Debt Service:                                |                  |                            |                             |   |
| Principal Retirement                         |                  | 18,125                     |                             | 18,125                                  |
| Interest and Fiscal Charges                  |                  | 6,875                      |                             | 6,875                                   |
| <i>Total Cash Disbursements</i>              | <u>568,291</u>   | <u>925,345</u>             |                             | <u>1,493,636</u>                        |
| <i>Excess of Receipts Over Disbursements</i> | <u>150,808</u>   | <u>169,125</u>             |                             | <u>319,933</u>                          |
| <b>Other Financing Receipts</b>              |                  |                            |                             |   |
| Other Financing Sources                      | 138              |                            |                             | 138                                     |
| <i>Net Change in Fund Cash Balances</i>      | 150,946          | 169,125                    |                             | 320,071                                 |
| <i>Fund Cash Balances, January 1</i>         | <u>638,899</u>   | <u>932,679</u>             | <u>\$4,555</u>              | <u>1,576,133</u>                        |
| <b>Fund Cash Balances, December 31</b>       |                  |                            |                             |   |
| Restricted                                   |                  | 1,100,805                  | 4,555                       | 1,105,360                               |
| Assigned                                     | 648,210          | 999                        |                             | 649,209                                 |
| Unassigned                                   | 141,635          |                            |                             | 141,635                                 |
| <i>Fund Cash Balances, December 31</i>       | <u>\$789,845</u> | <u>\$1,101,804</u>         | <u>\$4,555</u>              | <u>\$1,896,204</u>                      |

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

PUT-IN-BAY TOWNSHIP  
OTTAWA COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2015

|   | <u>Agency</u>          |
|---|------------------------|
| <b>Operating Cash Receipts</b>                      |                        |
| Earnings on Investments                             | <u>\$2</u>             |
| <b>Operating Cash Disbursements</b>                 |                        |
| Purchased Services                                  | <u>11,051</u>          |
| <i>Operating Loss</i>                               | <u>(11,049)</u>        |
| <b>Non-Operating Receipts (Disbursements)</b>       |                        |
| Property and Other Local Taxes                      | 55,856                 |
| Intergovernmental                                   | 4,188                  |
| Interest and Other Fiscal Charges                   | <u>(32,720)</u>        |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>27,324</u>          |
| <i>Net Change in Fund Cash Balances</i>             | 16,275                 |
| <i>Fund Cash Balances, January 1</i>                | <u>69,628</u>          |
| <i>Fund Cash Balances, December 31</i>              | <u><u>\$85,903</u></u> |

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



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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

|   | <u>General</u>   | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|------------------|----------------------------|-----------------------------|---|
| <b>Cash Receipts</b>                                  |                  |                            |                             |   |
| Property and Other Local Taxes                        | \$556,092        | \$691,768                  |                             | \$1,247,860                             |
| Charges for Services                                  | 3,224            | 4,872                      |                             | 8,096                                   |
| Licenses, Permits and Fees                            | 9,365            | 3,325                      |                             | 12,690                                  |
| Fines and Forfeitures                                 | 1,754            |                            |                             | 1,754                                   |
| Intergovernmental                                     | 63,320           | 163,361                    |                             | 226,681                                 |
| Earnings on Investments                               | 4,605            | 1,679                      |                             | 6,284                                   |
| Miscellaneous   | 12,877           | 15,684                     |                             | 28,561                                  |
| <i>Total Cash Receipts</i>                            | <u>651,237</u>   | <u>880,689</u>             |                             | <u>1,531,926</u>                        |
| <b>Cash Disbursements</b>                             |                  |                            |                             |   |
| Current:  |                  |                            |                             |   |
| General Government                                    | 229,960          | 6,647                      |                             | 236,607                                 |
| Public Safety   | 261,436          | 352,361                    |                             | 613,797                                 |
| Public Works  | 17,747           | 396,287                    |                             | 414,034                                 |
| Health  |                  | 24,883                     |                             | 24,883                                  |
| Human Services  | 10,542           |                            |                             | 10,542                                  |
| Capital Outlay  | 16,460           | 232,721                    |                             | 249,181                                 |
| <i>Total Cash Disbursements</i>                       | <u>536,145</u>   | <u>1,012,899</u>           |                             | <u>1,549,044</u>                        |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>115,092</u>   | <u>(132,210)</u>           |                             | <u>(17,118)</u>                         |
| <b>Other Financing Receipts (Disbursements)</b>       |                  |                            |                             |   |
| Transfers In  |                  | 7,432                      |                             | 7,432                                   |
| Transfers Out   |                  | (7,432)                    |                             | (7,432)                                 |
| Other Financing Sources                               | 1,484            | 182,720                    |                             | 184,204                                 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>1,484</u>     | <u>182,720</u>             |                             | <u>184,204</u>                          |
| <i>Net Change in Fund Cash Balances</i>               | 116,576          | 50,510                     |                             | 167,086                                 |
| <i>Fund Cash Balances, January 1</i>                  | <u>522,323</u>   | <u>882,169</u>             | <u>\$4,555</u>              | <u>1,409,047</u>                        |
| <b>Fund Cash Balances, December 31</b>                |                  |                            |                             |   |
| Restricted  |                  | 932,679                    | 4,555                       | 937,234                                 |
| Assigned  | 633,266          |                            |                             | 633,266                                 |
| Unassigned  | 5,633            |                            |                             | 5,633                                   |
| <i>Fund Cash Balances, December 31</i>                | <u>\$638,899</u> | <u>\$932,679</u>           | <u>\$4,555</u>              | <u>\$1,576,133</u>                      |

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

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

|   | <u>Agency</u>          |
|---|------------------------|
| <b>Operating Cash Receipts</b>                      |                        |
| Earnings on Investments                             | <u>\$3</u>             |
| <b>Operating Cash Disbursements</b>                 |                        |
| Purchased Services                                  | <u>2,120</u>           |
| <i>Operating Loss</i>                               | <u>(2,117)</u>         |
| <b>Non-Operating Receipts (Disbursements)</b>       |                        |
| Property and Other Local Taxes                      | 52,620                 |
| Intergovernmental                                   | 4,167                  |
| Interest and Other Fiscal Charges                   | <u>(32,719)</u>        |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>24,068</u>          |
| <i>Net Change in Fund Cash Balances</i>             | 21,951                 |
| <i>Fund Cash Balances, January 1</i>                | <u>47,677</u>          |
| <i>Fund Cash Balances, December 31</i>              | <u><u>\$69,628</u></u> |

*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, 2015 AND 2014**

**NOTE 1 – REPORTING ENTITY**

The constitution and laws of the State of Ohio establish the rights and privileges of Put-in-Bay Township, Ottawa County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, refuse disposal, parks and recreation, fire protection and emergency medical services, and general government services. The Township contracts with the Village of Put-in-Bay to provide police protection services.

***Public Entity Risk Pool***

The Township participates in the Ohio Plan Risk Management, Inc. public entity risk pool. This entity provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members. Note 7 to the financial statements provides additional information for this entity.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for the fiduciary fund type.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than capital projects. The Township had the following significant Special Revenue Funds:

***Emergency Medical Services Fund*** This fund receives property tax money to pay for providing emergency medical services.

***Middle Bass Fire District Fund*** This fund receives property tax money to pay for providing fire protection services on Middle Bass Island.

***Capital Project Funds*** These funds account for and report financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

***Recycling Compactors Fund*** This fund was created for the receipt and subsequent

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

disbursement of grant proceeds that were utilized to purchase compactors.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency funds account for refuse operations and DeRivera Park maintenance and debt reduction levy monies.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires each (except certain agency funds) fund be budgeted annually.

**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. Unencumbered appropriations lapse at year-end

**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 approve estimated resources.

**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 2015 and 2014 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**NOTE 3 – BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

2015 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
|-----------------|----------------------|--------------------|-----------|
| General         | \$618,965            | \$719,237          | \$100,272 |
| Special Revenue | 1,028,938            | 1,094,470          | 65,532    |
| Total           | \$1,647,903          | \$1,813,707        | \$165,804 |

2015 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
|-----------------|----------------------------|---------------------------|-------------|
| General         | \$1,252,231                | \$568,349                 | \$683,882   |
| Special Revenue | 1,933,909                  | 925,612                   | 1,008,297   |
| Total           | \$3,186,140                | \$1,493,961               | \$1,692,179 |

2014 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
|-----------------|----------------------|--------------------|-----------|
| General         | \$531,815            | \$652,721          | \$120,906 |
| Special Revenue | 800,817              | 1,070,841          | 270,024   |
| Total           | \$1,332,632          | \$1,723,562        | \$390,930 |

2014 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
|-----------------|----------------------------|---------------------------|-------------|
| General         | \$1,053,838                | \$536,145                 | \$517,693   |
| Special Revenue | 1,666,361                  | 1,020,331                 | 646,030     |
| Total           | \$2,720,199                | \$1,556,476               | \$1,163,723 |

**NOTE 4 – DEPOSITS AND INVESTMENTS**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

|                                       | 2015        | 2014        |
|---------------------------------------|-------------|-------------|
| Demand deposits                       | \$1,880,609 | \$1,544,375 |
| Other time deposits (savings account) | 1,084       | 1,084       |
| Total deposits                        | 1,881,693   | 1,545,459   |
| STAR Ohio                             | 100,414     | 100,302     |
| Total deposits and investments        | \$1,982,107 | \$1,645,761 |

**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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**NOTE 5 – PROPERTY TAXES**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

**NOTE 6 – RESORT TAX**

The Township levies a resort tax of 1.5 percent on income arising from business activities conducted within the Township. Businesses submit the tax to the Ohio Department of Taxation. The Ohio Department of Taxation remits the tax to the Township's General Fund monthly.

**NOTE 7 – RISK MANAGEMENT**

***Risk Pool Membership***

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

|                 | <b>2015</b>        | <b>2014</b>        |
|-----------------|--------------------|--------------------|
| Assets          | \$14,643,667       | \$14,830,185       |
| Liabilities     | (9,112,030)        | (8,942,504)        |
| Members' Equity | <u>\$5,531,637</u> | <u>\$5,887,681</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

***Social Security***

Several of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**NOTE 9 – POSTEMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**NOTE 10 – DEBT**

Debt outstanding at December 31, 2015 was as follows:

|                    | <u>Principal</u> | <u>Interest Rate</u> |
|--------------------|------------------|----------------------|
| Pumper Truck Lease | <u>\$164,595</u> | <u>3.79%</u>         |

The Township entered into a \$182,720 lease-purchase agreement with Republic First National Corporation in accordance with § 505.267 of the Ohio Revised Code. This agreement was to finance the purchase of a pumper (fire) truck. The Township will make annual rent payments for nine years starting in June 2015 and ending with the final payment in June 2023, with an interest rate of 3.79%. As stated in the lease-purchase agreement, the Township can fully execute the terms of the agreement at any time by paying off remaining payments in accordance with the lump sum purchase option price.



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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

| Year ending December 31: | <u>Leases</u>           |
|--------------------------|-------------------------|
| 2016                     | \$25,000                |
| 2017                     | 25,000                  |
| 2018                     | 25,000                  |
| 2019                     | 25,000                  |
| 2020                     | 25,000                  |
| 2021-2023                | <u>65,604</u>           |
| Total                    | <u><u>\$190,604</u></u> |

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Put-in-Bay Township, Ottawa County, Ohio (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Entity's Response to Finding***

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 1, 2016

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

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2015-001**

**Material Weakness – Financial Reporting**

We identified the following error requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2014:

Middle Bass Fire District Fund Other Financing Sources receipts and Capital Outlay disbursements were both increased in the amount of \$185,720 in order to properly account for a capital lease transaction in the year of lease inception.

This error was not identified and corrected prior to the Township preparing its financial statements due to deficiencies in the Township's internal controls over financial statement monitoring. The accompanying financial statements, and where applicable, the Township's accounting records have been adjusted to reflect these changes. Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

To ensure the Township's financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer, to identify and correct errors and omissions. Also, the Fiscal Officer can refer to the Ohio Township Handbook at the following web site address for guidance on the recording of transactions: <http://www.ohioauditor.gov/publications/Final%20Township%20Handbook%202016.pdf>

**Officials' Response:**

The Board of Trustees was informed by the Fiscal Officer that there was a problem with this issue, and that it was an error on the part of the Fiscal Officer. The Fiscal Officer had identified the problem prior to the year end of 2014, but 'closed the books' assuming this issue could be fixed after the books were closed, which was not the case. Prior to the audit, the Fiscal Officer reminded the Board that this would result in a negative comment by the auditors for this audit period. The Fiscal Officer has kept the Board of Trustees involved in the financial statement monitoring, and the Board of Trustees has confidence in the Fiscal Officer.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

| Finding Number | Finding Summary                                      | Status   | Additional Information   |
|----------------|--|--|--|
| 2013-001       | Material weakness for errors in financial reporting. | Not Corrected and reissued as Finding 2015-001 in this report. | The Township properly classified and recorded receipts, disbursements, receipts, fund balances and estimated receipts, as noted in Finding 2013-001, during the current audit period. However, the Township did not properly account for the inception of the capital lease, as the Fiscal Officer did not post this transaction prior to closing out 2014. The Fiscal Officer will ensure similar transactions are properly recorded in the future. |



# Dave Yost • Auditor of State

**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 15, 2016**