



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BIG ISLAND TOWNSHIP  
MARION COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Big Island Township  
Marion County  
4874 Harding Hwy W  
Marion, Ohio 43302

To the Board of Trustees:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Big Island Township, Marion County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Big Island Township, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Efficient • Effective • Transparent

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 18, 2023

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**BIG ISLAND TOWNSHIP, MARION COUNTY**

**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)  
For the Year Ended December 31, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$63,114	\$108,739	\$171,853
Licenses, Permits and Fees	0	180	180
Intergovernmental	25,121	149,454	174,575
Earnings on Investments	164	244	408
Miscellaneous	1,230	1,626	2,856
<i>Total Cash Receipts</i>	<u>89,629</u>	<u>260,243</u>	<u>349,872</u>
<b>Cash Disbursements</b>			
Current:			
General Government	67,864	3,010	70,874
Public Safety	0	92,989	92,989
Public Works	0	218,959	218,959
Health	10,800	7,135	17,935
<i>Total Cash Disbursements</i>	<u>78,664</u>	<u>322,093</u>	<u>400,757</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,965</u>	<u>(61,850)</u>	<u>(50,885)</u>
<b>Other Financing Receipts</b>			
Loans Issued	0	73,521	73,521
Sale of Assets	0	25,000	25,000
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>98,521</u>	<u>98,521</u>
<i>Net Change in Fund Cash Balances</i>	<u>10,965</u>	<u>36,671</u>	<u>47,636</u>
<i>Fund Cash Balances, January 1</i>	<u>\$80,403</u>	<u>\$199,729</u>	<u>\$280,132</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$91,368</u></u>	<u><u>\$236,400</u></u>	<u><u>\$327,768</u></u>

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Big Island Township, Marion County, (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, fire protection and emergency medical services. The Township contracts with Salt Rock Township and New Vision Fire & Rescue to provide fire services, and Medicare Ambulance, New Vision Fire & Rescue and the Marion County Township Fire Department for ambulance services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for these entities.

The Township’s management believes these financial statements present all activities for which the Township is financially accountable. Note 6 to the financial statement describes these assets.

**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 (regulatory cash basis) for all governmental fund types.

***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 or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Fire Levy Fund*** The fire levy fund receives local money for fire protection services and EMS for the Township.

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each 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) 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 canceled, and reappropriated in the subsequent year.

A summary of 2022 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. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***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.

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**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*.

**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 year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,320	\$89,629	\$16,309
Special Revenue	238,713	358,764	120,051
Total	\$312,033	\$448,393	\$136,360

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$153,723	\$78,664	\$75,059
Special Revenue	438,442	322,093	116,349
Total	\$592,165	\$400,757	\$191,408

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

<b><i>Cash Management Pool:</i></b>	2022
Demand deposits	\$303,473
STAR Ohio	24,295
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u>\$327,768</u>

***Deposits***

Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. The Township participates in OPCS, as required by JP Morgan Chase Bank. Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2022, \$303,937.41 of deposits were sufficiently collateralized.

***Investments***

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

**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 6– Risk Management**

***Workers’ Compensation***

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

Big Island Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of Big Island Townships policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Additionally, the Township participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Townships 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2022.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2022</i>	<i>10.00%</i>	<i>14.00%</i>

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Debt**

***Leases***

The Township leased a vehicle under a noncancelable lease. The Township financed \$73,520.72 to be paid in 5 installments starting August 2023 to be finalized in August 2027.

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 10 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would including any outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The Township had no outstanding encumbrances at yearend.



**BIG ISLAND TOWNSHIP, MARION COUNTY**

**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**

For the Year Ended December 31, 2021

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$59,703	\$101,334	\$161,037
Licenses, Permits and Fees	0	370	370
Intergovernmental	24,299	151,044	175,343
Earnings on Investments	8	12	20
Miscellaneous	914	4,200	5,114
<i>Total Cash Receipts</i>	<u>84,924</u>	<u>256,960</u>	<u>341,884</u>
<b>Cash Disbursements</b>			
Current:			
General Government	73,727	3,269	76,996
Public Safety	0	89,108	89,108
Public Works	3,841	122,380	126,221
Health	10,500	1,445	11,945
Debt Service:			
Principal Retirement	0	14,574	14,574
Interest and Fiscal Charges	545	249	794
<i>Total Cash Disbursements</i>	<u>88,613</u>	<u>231,025</u>	<u>319,638</u>
<i>Net Change in Fund Cash Balances</i>	<u>(3,689)</u>	<u>25,935</u>	<u>22,246</u>
<i>Fund Cash Balances, January 1</i>	<u>\$84,092</u>	<u>\$173,794</u>	<u>\$257,886</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$80,403</u></u>	<u><u>\$199,729</u></u>	<u><u>\$280,132</u></u>

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Big Island Township, Marion County, (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, fire protection and emergency medical services. The Township contracts with Salt Rock Township and New Vision Fire & Rescue to provide fire services, and Medicare Ambulance, New Vision Fire & Rescue and the Marion County Township Fire Department for ambulance services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for these entities.

The Township’s management believes these financial statements present all activities for which the Township is financially accountable. Note 6 to the financial statement describes these assets.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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***Fire Levy Fund*** The fire levy fund receives local money for fire protection services and EMS for the Township.

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Basis of Accounting***

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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 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each 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) 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 canceled, and reappropriated in the subsequent year.

A summary of 2021 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. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***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.

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**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*.

**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 year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,227	\$84,925	\$18,698
Special Revenue	226,849	256,960	30,111
Total	\$293,076	\$341,885	\$48,809

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$150,319	\$88,613	\$61,706
Special Revenue	400,642	231,025	169,617
Total	\$550,961	\$319,638	\$231,323

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

<b><i>Cash Management Pool:</i></b>	2021
Demand deposits	<u>\$256,246</u>
STAR Ohio	<u>23,886</u>
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$280,132</u></u>

***Deposits***

Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. The Township participates in OPCS, as required by JP Morgan Chase Bank. Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2021, \$263,097.14 of deposits were sufficiently collateralized.

***Investments***

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

**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6– Risk Management**

***Workers’ Compensation***

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

Big Island Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of Big Island Townships policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Additionally, the Township participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Townships 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2021</i>	<i>10.00%</i>	<i>14.00%</i>

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Debt**

***Leases***

The Township leased a vehicle under a noncancelable lease. The Township disbursed \$15,367.59 to pay the final lease costs for the year ended December 31, 2021.

**Big Island Township**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 10 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would including any outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The Township had no outstanding encumbrances at yearend.



# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Big Island Township  
Marion County  
4874 Harding Hwy W  
Marion, Ohio 43302

To the Board of Trustees:

We have audited, 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements by governmental fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Big Island Township, Marion County, Ohio, (the Township) and have issued our report thereon dated September 18, 2023, 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.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

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***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-002.

***Township's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 18, 2023

**BIG ISLAND TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-001**

**Financial Reporting – Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following misstatements were posted to the Township's December 31, 2021 financial statement:

- General Fund reclass of \$545 from Public Works to Interest and Fiscal Charges related to debt payments.
- Special Revenue Fund reclass from Public Works to Principal Retirement and Interest and Fiscal Charges related to debt payments in the amounts of \$14,574 and \$249 respectively.

The following misstatement was posted to the Township's December 31, 2022 financial statement:

- Special Revenue adjustment for unrecorded tractor purchase totaling \$98,521 for the Public Works expenditure, \$25,000 for sale of asset relating to old tractor and \$73,521 for loan proceeds.

Lack or failure of controls over classifying transactions, posting of financial transactions and financial reporting can result in errors and irregularities that may be disseminated to the governing board, management, and financial statement readers.

We recommend the Township develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increasing the reliability of the financial data through the year. We also recommend the Township implement additional procedures over the completeness and accuracy of financial information reported within the Township's annual report. Such procedures may include review of the financial statements and related components by a member of management with analytic comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

**Officials' Response**

Reclassifications- lease payments will be corrected moving forward after review with UAN.

**BIG ISLAND TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-002**

**Competitive Bidding – Noncompliance**

**Ohio Rev. Code § 5575.01(A)** states in the maintenance and repair of roads, the board of township trustees may proceed either by contract or force account, but, unless the exemption specified in division (C) of this section applies, if the board wishes to proceed by force account, it first shall cause the county engineer to complete the force account assessment form developed by the auditor of state under Ohio Rev. Code § 117.16. Except as otherwise provided in Ohio Rev. Code § 505.08 and 505.101, when the board proceeds by contract, the contract shall, if the amount involved exceeds forty-five thousand dollars, be let by the board to the lowest responsible bidder after advertisement for bids once, not later than two weeks, prior to the date fixed for the letting of the contract, in a newspaper of general circulation within the Township. If the amount involved is forty-five thousand dollars or less, a contract may be let without competitive bidding, or the work may be done by force account. Such a contract shall be performed under the supervision of a member of the board or the township road superintendent.

The Township failed to bid road project contracts for \$88,538 and \$72,451 to CEI Asphalt Paving for 2021 and 2022, respectively.

Failure to properly bid contracts according to the Ohio Revised Code results in non-compliance and the increased potential the Township will not contract with the lowest responsible bidder.

We recommend the Board of Trustees implement procedures to bid all contracts exceeding the statutorily set amount in cost to the lowest responsible bidder in accordance with Ohio Rev. Code § 5575.01.

**Officials' Response**

As stated before, the Township is very limited in whom will complete our Road Projects. As always, the Board reach's out to The Shelley Co. and CEI, along with possibly using the County Engineer's to complete. Bids are accepted (estimates) where the Board would review and make final decisions. One year The Shelley wouldn't not return our call. We try to be as fiscally responsible with the Township's funds. The Costs at a 'Legal Notice' for competitive bidding, knowing our limitations, would not have changed anything. House Bill 23 is increasing limitations and will resolve this issue.

# OHIO AUDITOR OF STATE KEITH FABER



**BIG ISLAND TOWNSHIP**

**MARION COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 10/3/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)