

BIG ISLAND TOWNSHIP
COLUMBUS REGION, MARION COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Board of Trustees
Big Island Township

We have reviewed the Independent Auditor's Report of the Big Island Township, Marion County, prepared by Holbrook & Manter for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Big Island Township is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

June 25, 2001

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2000	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 1999	5
Notes to the Financial Statements.....	6-10
Report on Compliance and Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	12



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Big Island Township
Marion County
1761 Prospect-Upper Sandusky Rd. N.
Marion Ohio, 43302

We have audited the accompanying financial statements of Big Island Township, Marion County, Ohio, (the Township) as of and for the years ended 1999 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Big Island Township, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2001 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should read in conjunction with this report in considering the results of our audit.

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

Holbrook & Manter
Certified Public Accountants

April 30, 2001
Marion, Ohio

BIG ISLAND TOWNSHIP
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	General	Special Revenue	(Memorandum Only) Total
Cash receipts:			
Local taxes	\$ 31,228	\$ 22,053	\$ 53,281
Intergovernmental	38,862	59,300	98,162
Interest	383	602	985
Fines, licenses, and permits	0	1,119	1,119
Miscellaneous	3,409	2,736	6,145
Total cash receipts	73,882	85,810	159,692
Cash disbursements:			
Current:			
General government	51,939	876	52,815
Public safety	0	23,472	23,472
Public health services	11,803	3,524	15,327
Public works	0	45,830	45,830
Total cash disbursements	63,742	73,702	137,444
Total receipts over cash disbursements	10,140	12,108	22,248
Other financing receipts:			
Other financing sources	0	2,700	2,700
Total other financing receipts	0	2,700	2,700
Excess of cash receipts and other financing receipts over cash disbursements	10,140	14,808	24,948
Fund cash balances January 1, 2000	8,769	57,217	65,986
Fund cash balances, December 31, 2000	\$ 18,909	\$ 72,025	\$ 90,934

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

BIG ISLAND TOWNSHIP
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	General	Special Revenue	(Memorandum Only) Total
Cash receipts:			
Local taxes	\$ 30,105	\$ 20,895	\$ 51,000
Intergovernmental	21,840	58,026	79,866
Interest	365	605	970
Fines, licenses, and permits	0	1,271	1,271
Miscellaneous	1,394	295	1,689
	53,704	81,092	134,796
Cash disbursements:			
Current:			
General government	56,806	766	57,572
Public safety	0	21,423	21,423
Public health services	9,575	4,279	13,854
Public works	0	41,337	41,337
Capital outlay	0	20,000	20,000
	66,381	87,805	154,186
Total cash disbursements	66,381	87,805	154,186
Total receipts (under) cash disbursements	(12,677)	(6,713)	(19,390)
Other financing receipts:			
Other financing sources	0	1,100	1,100
	0	1,100	1,100
Total other financing receipts	0	1,100	1,100
Excess of cash receipts and other financing receipts (under) cash disbursements	(12,677)	(5,613)	(18,290)
Fund cash balances January 1, 1999	21,446	62,830	84,276
Fund cash balances, December 31, 1999	\$ 8,769	\$ 57,217	\$ 65,986

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

BIG ISLAND TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity – Big Island Township, Marion County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by three publicly-elected Trustees. The Township provides general governmental services, including road maintenance and repair.

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

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

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

Cash and Investments - Certificates of deposit are valued at cost.

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

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

Motor Vehicle License Tax Fund

This fund receives motor vehicle tax money for constructing, maintaining and repairing township roads.

Gasoline Tax Fund

This fund receives gasoline tax money for constructing, maintaining and repairing township roads.

Fire District Fund

This fund receives local tax money for fire protection services for the Township.

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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

BIG ISLAND TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :- (continued)

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made.

A summary of 2000 and 1999 budgetary activity appears in Note 4.

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

NOTE 2 – ACCOUNTABILITY AND COMPLIANCE:-

Compliance

Instances were noted in which funds were obligated without certification. There was no evidence of subsequent resolutions authorizing the payment for such obligations. This is in violation of Ohio Revised Code Section 5705.41 (D).

Instances were noted in which vouchers were not personally signed by at least two Trustees and countersigned by the Clerk. This is in violation of Ohio Revised Code Section 507.11 (B)

NOTE 3 – EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	2000	1999
Deposits	\$ 80,194	\$ 55,246
Other Investments	10,740	10,740
Total Deposits	\$ 90,934	\$ 65,986

Deposits - The Townships deposits are insured by the Federal Depository Insurance Corporation.

BIG ISLAND TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 2000

NOTE 4 - BUDGETARY ACTIVITY:

Budgetary activity for the years ending December 31, 1999 and 2000 was as follows:

2000 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 52,836	\$ 73,882	\$ 21,046
Special Revenue	<u>84,165</u>	<u>88,510</u>	<u>4,345</u>
Total	<u>\$ 137,001</u>	<u>\$ 162,392</u>	<u>\$ 25,391</u>

2000 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 66,381	\$ 63,742	\$ 2,640
Special Revenue	<u>87,806</u>	<u>73,702</u>	<u>14,104</u>
Total	<u>\$ 154,187</u>	<u>\$ 137,444</u>	<u>\$ 16,744</u>

BIG ISLAND TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 2000

NOTE 4 - BUDGETARY ACTIVITY: (CONTINUED)

1999 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 53,440	\$ 53,704	\$ 263
Special Revenue	<u>82,016</u>	<u>82,192</u>	<u>176</u>
Total	<u>\$ 135,456</u>	<u>\$ 135,896</u>	<u>\$ 439</u>

1999 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 54,694	\$ 66,381	\$ (11,687)
Special Revenue	<u>60,615</u>	<u>87,805</u>	<u>(27,190)</u>
Total	<u>\$ 115,309</u>	<u>\$ 154,186</u>	<u>\$ (38,877)</u>

BIG ISLAND TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

NOTE 5 – PROPERTY TAX:-

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

NOTE 6 - RETIREMENT SYSTEMS:-

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost – sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July 2000 through December 2000. The Township has paid all contributions required through December 31, 2000.

NOTE 7 – RISK MANAGEMENT:-

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

The Township also provides health insurance to the officials through a private carrier.



Report on Compliance and on Internal Control Required by *Government Auditing Standards*

Board of Trustees
Big Island Township
Marion County
1761 Prospect-Upper Sandusky Rd. N.
Marion Ohio, 43302

We have audited the accompanying financial statements of Big Island Township, Marion County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 30, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items N-1 and N-2.

Internal Control Over Financial Reporting

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

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Management of the Township in a separate letter dated April 30, 2001.

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

Holbrook & Manter
Certified Public Accountants

April 30, 2001
Marion, Ohio

SCHEDULE OF FINDINGS

**BIG ISLAND TOWNSHIP
MARION OHIO
JANUARY 1, 1999 TO DECEMBER 31, 2000**

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

Finding Number	
----------------	--

Non-Compliance

N-1 Section 5705.41 (D) Revised Code, states that no subdivision shall make any contract or order any expenditure of money unless that certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be null and void unless, for expenditures in excess of \$100, the board of Trustees obtains from the fiscal officer a certificate stating that there was at the time of the making of the contracts or orders a sufficient sum appropriated, the board, by resolution, may authorize the issuance of a warrant for the payments of the amount due.

During our testing of expenditures there were instances noted in which funds were obligated without certification. There was no evidence of subsequent resolutions authorizing payment for such obligations. We recommend that the Township use purchase orders for all expenditures.

N-2 Section 507.11 (B) Revised Code, states that no money belonging to a township may be paid out except upon an order signed personally by at least two Trustees and countersigned by the Clerk.

During our testing of expenditures there were instances noted in which vouchers were not personally signed by at least two Trustees and countersigned by the Clerk. We recommend that all vouchers are approved and signed by the Clerk and at least 2 Trustees before an expenditure is made.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BIG ISLAND TOWNSHIP

MARION 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
JULY 24, 2001**