



**Auditor of State  
Betty Montgomery**



**BIG ISLAND TOWNSHIP  
MARION COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Trustees:

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, 2002, and December 31, 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2002, and December 31, 2001, 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 March 7, 2003, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

**BETTY MONTGOMERY**  
Auditor of State

March 7, 2003

**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, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Local Taxes	\$33,634	\$22,011	\$0	\$55,645
Intergovernmental	31,066	59,581	127,716	218,363
Licenses, Permits, and Fees	0	823	0	823
Earnings on Investments	576	890	0	1,466
Other Revenue	2,442	0	0	2,442
	<u>67,718</u>	<u>83,305</u>	<u>127,716</u>	<u>278,739</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	47,959	1,089	0	49,048
Public Safety	0	24,442	0	24,442
Public Works	0	35,682	0	35,682
Health	11,992	1,089	0	13,081
Capital Outlay	0	11,205	127,716	138,921
	<u>59,951</u>	<u>73,507</u>	<u>127,716</u>	<u>261,174</u>
Total Cash Disbursements	<u>59,951</u>	<u>73,507</u>	<u>127,716</u>	<u>261,174</u>
Total Cash Receipts Over Cash Disbursements	<u>7,767</u>	<u>9,798</u>	<u>0</u>	<u>17,565</u>
<b>Other Financing Receipts</b>				
Other Sources	0	400	0	400
	<u>0</u>	<u>400</u>	<u>0</u>	<u>400</u>
Total Other Financing Receipts	<u>0</u>	<u>400</u>	<u>0</u>	<u>400</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	7,767	10,198	0	17,965
Fund Cash Balances, January 1	62,869	66,313	0	129,182
<b>Fund Cash Balances, December 31</b>	<b><u>\$70,636</u></b>	<b><u>\$76,511</u></b>	<b><u>\$0</u></b>	<b><u>\$147,147</u></b>

*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, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Local Taxes	\$33,699	\$23,776	\$57,475
Intergovernmental	99,093	60,898	159,991
Licenses, Permits, and Fees	0	1,154	1,154
Earnings on Investments	1,564	2,545	4,109
Other Revenue	2,645	505	3,150
	<u>137,001</u>	<u>88,878</u>	<u>225,879</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	59,061	708	59,769
Public Safety	0	23,560	23,560
Public Works	0	44,124	44,124
Health	11,734	3,475	15,209
Capital Outlay	22,424	27,424	49,848
	<u>93,219</u>	<u>99,291</u>	<u>192,510</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>43,782</u>	<u>(10,413)</u>	<u>33,369</u>
<b>Other Financing Receipts:</b>			
Other Sources	0	4,350	4,350
	<u>0</u>	<u>4,350</u>	<u>4,350</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	43,782	(6,063)	37,719
Fund Cash Balances, January 1	19,087	72,376	91,463
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$62,869</u></u></b>	<b><u><u>\$66,313</u></u></b>	<b><u><u>\$129,182</u></u></b>

*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, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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 a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with Salt Rock Township to provide fire services, and Stofcheck Ambulance Service, Inc., to provide ambulance services.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**BIG ISLAND TOWNSHIP  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*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 to pay for constructing, maintaining and repairing Township roads.

*Fire District Fund* – This fund receives local tax money for fire protection services for the Township.

**3. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

*Issue II Fund* - The Township received a grant from the Ohio Public Works Commission to resurface and reconstruct roads.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**BIG ISLAND TOWNSHIP  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2002	2001
Demand deposits	\$ 91,943	\$ 74,959
Star Ohio	55,204	54,223
Total deposits and investments	\$ 147,147	\$ 129,182

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002, and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,710	\$67,718	\$12,008
Special Revenue	85,209	83,705	(1,504)
Capital Projects	0	127,716	127,716
Total	\$140,919	\$279,139	\$138,220

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$65,747	\$59,951	\$5,796
Special Revenue	150,131	73,507	76,624
Capital Projects	0	127,716	(127,716)
Total	\$215,878	\$261,174	(\$45,296)

**BIG ISLAND TOWNSHIP  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$79,971	\$137,001	\$57,030
Special Revenue	89,224	93,228	4,004
Total	<u>\$169,195</u>	<u>\$230,229</u>	<u>\$61,034</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$76,457	\$93,219	(\$16,762)
Special Revenue	161,246	99,291	61,955
Total	<u>\$237,703</u>	<u>\$192,510</u>	<u>\$45,193</u>

**4. 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 payments, 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.

**6. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

**BIG ISLAND TOWNSHIP  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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**Auditor of State  
Betty Montgomery**

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

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

To the Board of Trustees:

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, 2002, and December 31, 2001, and have issued our report thereon dated March 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 7, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a certain other matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 7, 2003.

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Big Island Township  
Marion County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
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This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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**BETTY MONTGOMERY**  
Auditor of State

March 7, 2003



**BIG ISLAND TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
N-1	ORC Section 5705.41 (D) – use of purchase orders	Yes	Fully corrected.
N-2	ORC Section 507.11 (B) – vouchers signed by Clerk and at least two Trustees	Yes	Fully corrected.





**Auditor of State  
Betty Montgomery**

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**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  
MAY 8, 2003**