



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 and related notes of Put-in-Bay Township, Ottawa County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012.

### ***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 opinion.

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

As described in Note 1 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, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2013 and 2012, 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, 2013 and 2012, 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2014, 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

October 22, 2014

**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, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$527,545	\$674,995		\$1,202,540
Charges for Services	7,481	4,189		11,670
Licenses, Permits and Fees	6,307	4,850		11,157
Fines and Forfeitures	727			727
Intergovernmental	68,029	171,895		239,924
Earnings on Investments	5,941	1,198		7,139
Miscellaneous	6,187	5,598		11,785
<i>Total Cash Receipts</i>	<u>622,217</u>	<u>862,725</u>		<u>1,484,942</u>
<b>Cash Disbursements</b>				
Current:				
General Government	244,826	7,158		251,984
Public Safety	228,914	286,122		515,036
Public Works	14,542	362,148		376,690
Health		36,471		36,471
Human Services	13,870	53		13,923
Other				0
Capital Outlay	10,703			10,703
<i>Total Cash Disbursements</i>	<u>512,855</u>	<u>691,952</u>		<u>1,204,807</u>
<i>Excess of Receipts Over Disbursements</i>	<u>109,362</u>	<u>170,773</u>		<u>280,135</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		6,720		6,720
Transfers Out	(5,962)	(758)		(6,720)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,962)</u>	<u>5,962</u>		
<i>Net Change in Fund Cash Balances</i>	103,400	176,735		280,135
<i>Fund Cash Balances, January 1</i>	<u>418,923</u>	<u>705,434</u>	<u>\$4,555</u>	<u>1,128,912</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		789,668		789,668
Committed		92,501	4,555	97,056
Unassigned	522,323			522,323
<i>Fund Cash Balances, December 31</i>	<u>\$522,323</u>	<u>\$882,169</u>	<u>\$4,555</u>	<u>\$1,409,047</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, 2013**

	<u>Agency</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	\$51,751
Intergovernmental	4,137
Miscellaneous Receipts	1
Interest and Other Fiscal Charges	(32,719)
Other Financing Uses	<u>(11,626)</u>
<i>Net Change in Fund Cash Balances</i>	11,544
<i>Fund Cash Balances, January 1</i>	<u>36,133</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$47,677</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, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$499,575	\$652,195		\$1,151,770
Charges for Services	8,065			8,065
Licenses, Permits and Fees	11,941	2,450		14,391
Fines and Forfeitures	1,794			1,794
Intergovernmental	44,743	178,976		223,719
Earnings on Investments	6,705	297		7,002
Miscellaneous		4,483		4,483
<i>Total Cash Receipts</i>	<u>572,823</u>	<u>838,401</u>		<u>1,411,224</u>
<b>Cash Disbursements</b>				
Current:				
General Government	383,882	46,392		430,274
Public Safety	216,000	343,215		559,215
Public Works		421,608		421,608
Other		500		500
Capital Outlay		51,899		51,899
<i>Total Cash Disbursements</i>	<u>599,882</u>	<u>863,614</u>		<u>1,463,496</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,059)</u>	<u>(25,213)</u>		<u>(52,272)</u>
<b>Other Financing Receipts</b>				
Other Financing Sources	27,916			27,916
<i>Net Change in Fund Cash Balances</i>	857	(25,213)		(24,356)
<i>Fund Cash Balances, January 1</i>	<u>418,066</u>	<u>730,647</u>	<u>\$4,555</u>	<u>1,153,268</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		634,154		634,154
Committed		71,280	4,555	75,835
Unassigned	418,923			418,923
<i>Fund Cash Balances, December 31</i>	<u>\$418,923</u>	<u>\$705,434</u>	<u>\$4,555</u>	<u>\$1,128,912</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, 2012**

	<u>Agency</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	\$49,187
Intergovernmental	4,076
Interest and Other Fiscal Charges	(34,012)
Other Financing Uses	<u>(5,057)</u>
<i>Net Change in Fund Cash Balances</i>	14,194
<i>Fund Cash Balances, January 1</i>	<u>21,939</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$36,133</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, 2013 AND 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the 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 services.

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

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. 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.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**2. 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 capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

**3. Capital Project Fund**

This fund accounts for and reports financial resources that are restricted, committed, or assigned 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 disbursement of grant proceeds that were utilized to purchase compactors.

**4. Fiduciary Funds (Agency Funds)**

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.

**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 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. 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 approve estimated resources.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**3. Encumbrances**

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. 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:

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. 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.

**5. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

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.

**G. Property, Plant, and Equipment**

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

**H. 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.

**2. EQUITY IN POOLED 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:

	2013	2012
Demand deposits	\$1,355,369	\$1,042,158
Other time deposits (EPA Transfer Closing Trust)	1,084	
Total deposits	1,356,453	1,042,158
STAR Ohio	100,271	122,887
Total deposits and investments	\$1,456,724	\$1,165,045

**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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$526,000	\$622,217	\$96,217
Special Revenue	811,773	869,445	57,672
Agency	58,410	55,889	(2,521)
Total	\$1,396,183	\$1,547,551	\$151,368

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. BUDGETARY ACTIVITY (CONTINUED)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$942,766	\$518,817	\$423,949
Special Revenue	1,494,634	692,710	801,924
Capital Projects	4,555		4,555
Agency	68,150	44,345	23,805
Total	<u>\$2,510,105</u>	<u>\$1,255,872</u>	<u>\$1,254,233</u>

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$582,007	\$600,739	\$18,732
Special Revenue	835,951	838,401	2,450
Agency	55,252	53,263	(1,989)
Total	<u>\$1,473,210</u>	<u>\$1,492,403</u>	<u>\$19,193</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$667,546	\$599,882	\$67,664
Special Revenue	1,249,473	863,614	385,859
Agency	67,935	39,069	28,866
Total	<u>\$1,984,954</u>	<u>\$1,502,565</u>	<u>\$482,389</u>

**4. PROPERTY TAX**

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.

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

**5 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. RETIREMENT SYSTEM**

The Township's 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. For 2013 and 2012, 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, 2013.

**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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 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, 2012 and 2013:



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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**7. RISK MANAGEMENT (CONTINUED)**

	<b>2012</b>	<b>2013</b>
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	<u>\$6,413,188</u>	<u>\$5,805,909</u>

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

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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 Put-in-Bay Township, Ottawa County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated October 22, 2014 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2013-001 described in the accompanying schedule of findings 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 Findings***

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 it.

***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

October 22, 2014

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

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-001**

**Material Weakness – Monitoring of Financial Statements**

We identified errors such as the following requiring adjustment to the financial statements or notes to the financial statements for the year ending December 31, 2012:

- General Fund disbursements related to police protection services in the amount of \$216,000 were reclassified from General Government to Public Safety;
- Special revenue disbursements for Public Safety (\$324,564), Public Works (\$377,746) and Capital Outlay (\$51,899) were incorrectly classified as General Government (\$738,726) and Human Services (\$15,483);
- Special revenue intergovernmental receipts of \$57,374 were incorrectly classified as Property and Other Local Taxes;
- Fund balances for the Road and Bridge and South Bass Island EMS Volunteer funds in the amount of \$45,240 and 11,577, respectively, were reclassified from Restricted to Committed; and
- Budgeted receipts in the General and Special Revenue funds were increased \$43,218 and \$104,972, respectively, in order to bring amounts reported in the notes to the financial statements in line with authorized amounts.

We also identified the following error requiring adjustment to the financial statements or notes to the financial statements for the year ending December 31, 2013:

- Fund balances for the Road and Bridge and Middle Bass Island EMS Volunteer funds in the amount of \$87,760 and \$4,472, respectively, were reclassified from Restricted to Committed.

Additionally, immaterial errors not requiring adjustment to the financial statements were noted in the classification of certain receipt transactions and classification of fund balances ranging from \$1,078 to \$18,093.

The accompanying financial statements have been adjusted to reflect the necessary 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 and notes to the 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 and the Board of Trustees, to identify and correct errors and omissions, as well as recording correct budgetary information. Also, the Fiscal Officer can refer to the Ohio Township Handbook available from the following web address for guidance on the posting of transactions: <https://ohioauditor.gov/publications/OhioTownshipHandbook2014.pdf>.

**FINDING NUMBER 2013-001  
(Continued)**

**Officials' Response:**

In response to the audit, the Township wishes to acknowledge that we changed fiscal officers in December of 2012. Understandably so, the 2012 records received considerable comments.

With the change of the Fiscal Officer, came many procedural and policy changes. The Township of Put-in-Bay hired a consultant during 2013 which allowed the Office of the Fiscal Officer to update and balance the books (the first time in years). We believe that with these changes, the Office of the Fiscal Officer shows considerable improvement, and we believe that the efficiency of the Fiscal Officer will continue to improve over the next audit period.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

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>
2011-001	Ohio Rev. Code § 5705.10(D) for posting revenues to the incorrect fund.	No	Partially corrected and reduced to a Management Letter comment.
2011-002	Ohio Rev. Code § 5705.41(D)(1) for failing to certify availability of funds.	Yes	
2011-003	Ohio Rev. Code § 2921.42(A)(1) for unlawful interest in public contract.	Yes	
2011-004	Material weakness for failure to appropriately record on-behalf grant activity.	Yes	
2011-005	Finding for recovery for the reimbursement of an alcohol purchase.	Yes	
2011-006	Ohio Rev. Code § 5705.39 for appropriations exceeding certified resources.	Yes	
2011-007	Ohio Revised Code § 5705.41(B) for expenditures exceeding appropriations.	Yes	

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# 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  
NOVEMBER 13, 2014**