

**BIG ISLAND TOWNSHIP**  
**MARION COUNTY**  
REPORT ON FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013





# Dave Yost • Auditor of State

Board of Trustees  
Big Island Township  
4847 Harding Highway West  
Marion, OH 43302

We have reviewed the *Independent Auditors' Report* of Big Island Township, Marion County, prepared by Holbrook & Manter, for the audit period January 1, 2013 through December 31, 2014. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 1, 2014

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## **INDEPENDENT AUDITORS' REPORT**

Big Island Township  
Marion County  
4874 Harding Highway West  
Marion, Oh 43302

To the Board of Trustees:

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

We have audited the accompanying financial statements and related notes of Big Island Township, Marion County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013.

### ***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.

### ***Auditors' 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.

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, 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 Big Island Township, Marion County, Ohio, as of December 31, 2014 and 2013, 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 June 30, 2015, 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.



Certified Public Accountants

Marion, Ohio  
June 30, 2015

**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, 2014

	<u>General</u>	<u>Special Revenue</u>	<u>Total Memorandum Only</u>
<b>Cash receipts:-</b>			
Local taxes	\$ 50,855	\$ 24,568	\$ 75,423
Intergovernmental	16,197	96,377	112,574
Interest	13	4	17
Fines, licenses, and permits	0	440	440
Miscellaneous	1,334	11,400	12,734
	<hr/>	<hr/>	<hr/>
<b>Total cash receipts</b>	68,399	132,789	201,188
<b>Cash disbursements:-</b>			
Current;-			
General government	64,267	2,728	66,995
Public safety	0	39,619	39,619
Public works	4,695	98,696	103,391
Public health services	3,269	4,637	7,906
	<hr/>	<hr/>	<hr/>
<b>Total cash disbursements</b>	72,231	145,680	217,911
<b>Excess receipts (under) disbursements</b>	( 3,832)	( 12,891)	( 16,723)
Fund cash balances, January 1, 2014	<hr/>	<hr/>	<hr/>
	66,458	101,735	168,193
<b>Fund cash balances, December 31, 2014</b>			
Restricted	0	87,681	87,681
Assigned	0	1,163	1,163
Unassigned	62,626	0	62,626
	<hr/>	<hr/>	<hr/>
<b>Fund cash balances, December 31, 2014</b>	\$ <u>62,626</u>	\$ <u>88,844</u>	\$ <u>151,470</u>

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, 2013

	<u>General</u>	<u>Special Revenue</u>	<u>Total Memorandum Only</u>
<b>Cash receipts:-</b>			
Local taxes	\$ 42,196	\$ 24,681	\$ 66,877
Intergovernmental	31,753	95,302	127,055
Interest	19	4	23
Fines, licenses, and permits	0	380	380
Miscellaneous	23,084	2,500	25,584
<b>Total cash receipts</b>	<b>97,052</b>	<b>122,867</b>	<b>219,919</b>
<b>Cash disbursements:-</b>			
Current:-			
General government	64,320	2,945	67,265
Public safety	0	29,679	29,679
Public works	17,889	55,929	73,818
Public health services	5,521	2,552	8,073
<b>Total cash disbursements</b>	<b>87,730</b>	<b>91,105</b>	<b>178,835</b>
<b>Excess of receipts over disbursements</b>	<b>9,322</b>	<b>31,762</b>	<b>41,084</b>
Fund cash balances, January 1, 2013	57,136	69,973	127,109
<b>Fund cash balances, December 31, 2013</b>			
Restricted	0	100,902	100,902
Assigned	0	833	833
Unassigned	66,458	0	66,458
<b>Fund cash balances, December 31, 2013</b>	<b>\$ 66,458</b>	<b>\$ 101,735</b>	<b>\$ 168,193</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, 2014 AND 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-**

**Description of the Entity** - Big Island Township, Marion County, (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 road and bridge maintenance and cemetery maintenance. The Township contracts with Salt Rock Township and New Vision Fire and Rescue to provide fire services, and Medicare Ambulance to provide ambulance services.

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Ohio Township Association Risk Management Authority Risk Pool:  
*Ohio Township Association Risk Management Authority. (OTARMA) (Note 6)*

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 of Ohio.

**Investments** - Investments are 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.

**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.

**BIG ISLAND TOWNSHIP  
MARION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

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

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

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 individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

**BIG ISLAND TOWNSHIP  
MARION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

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

**Accumulated Leave** - In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**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 - 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:

	<u>2014</u>	<u>2013</u>
Demand deposits	\$ 129,146	\$ 145,876
STAR Ohio	<u>22,324</u>	<u>22,317</u>
Total Deposits	<u>\$ 151,470</u>	<u>\$ 168,193</u>

**Deposits** - The Townships deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) 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.

**BIG ISLAND TOWNSHIP**  
**MARION COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

**NOTE 3 - BUDGETARY ACTIVITY:-**

Budgetary activity for the years ending December 31, 2014 and 2013 was as follows:

**2014 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 54,526	\$ 68,399	\$ 13,873
Special Revenue	<u>132,774</u>	<u>132,789</u>	<u>15</u>
<b>Total</b>	<b>\$ <u>187,300</u></b>	<b>\$ <u>201,188</u></b>	<b>\$ <u>13,888</u></b>

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 120,984	\$ 72,231	\$ 48,753
Special Revenue	<u>224,409</u>	<u>145,680</u>	<u>78,729</u>
<b>Total</b>	<b>\$ <u>345,393</u></b>	<b>\$ <u>217,911</u></b>	<b>\$ <u>127,482</u></b>

**BIG ISLAND TOWNSHIP**  
**MARION COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

**NOTE 3 - BUDGETARY ACTIVITY:-** (continued)

**2013 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 54,252	\$ 97,052	\$ 42,800
Special Revenue	<u>122,657</u>	<u>122,867</u>	<u>210</u>
<b>Total</b>	<b>\$ <u>176,909</u></b>	<b>\$ <u>219,919</u></b>	<b>\$ <u>43,010</u></b>

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 111,388	\$ 87,730	\$ 23,658
Special Revenue	<u>192,629</u>	<u>91,105</u>	<u>101,524</u>
<b>Total</b>	<b>\$ <u>304,017</u></b>	<b>\$ <u>178,835</u></b>	<b>\$ <u>125,182</u></b>

**BIG ISLAND TOWNSHIP**  
**MARION COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

**NOTE 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 Marion 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.

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

**NOTE 5 - RETIREMENT SYSTEMS:-**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost – sharing, multiple – employee 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 2014 and 2013, OPERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries for 2014 and 2013. The Township has paid all contributions required through December 31, 2014.

**NOTE 6 - RISK POOL MANAGEMENT:-**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**BIG ISLAND TOWNSHIP  
MARION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 6 - RISK MANAGEMENT:-** (continued)

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014:

	<u>2014</u>	<u>2013</u>
Assets	\$ 35,970,263	\$ 34,954,286
Liabilities	( 8,912,432)	( 8,486,363)
Net Assets	<u>\$ 27,057,831</u>	<u>\$ 26,467,923</u>

At December 31, 2014 and 2013, respectively, the liabilities above include approximately \$8.2 and \$7.9 million of estimated incurred claims payable. The assets above also include approximately \$7.2 and \$7.4 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>		
2013	\$	3,326
2014		3,358

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**NOTE 7 - SUBSEQUENT EVENTS-**

The Township has evaluated subsequent events through June 30, 2015, the date which the financial statements were available to be issued.



**Independent Auditors' 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 Highway West  
Marion, Oh 43302

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 Big Island Township, Marion County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated June 30, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

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

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

***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.

*Shullbrook & Mante*

Certified Public Accountants

Marion, Ohio  
June 30, 2015

**BIG ISLAND TOWNSHIP  
MARION COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2014-001</b>
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**Noncompliance Citation – Federal, State, and Local Payroll Taxes**

The Internal Revenue Code (IRC), Chapter 26, requires the employing government to withhold federal, state, and local income taxes and employment-related taxes. They also require the government to report those tax matters to the appropriate tax authorities and to the recipients.

During our payroll testing, we noted that certain tax forms are not being properly completed. Inappropriate completion of these forms could result in improper amounts being withheld and paid by the employee and or the Township. We also noted, that payroll deductions are being calculated manually and tax forms are being completed manually.

We recommend that these forms be reviewed more closely by the Township to make sure the proper amounts are being withheld and paid to the various entities such as the Internal Revenue Service, the Treasurer of State, and the Ohio Public Employees Retirement System and the forms are being properly completed each year. We also recommend that the Township implement the UAN computerized payroll program to help eliminate any errors in the calculation of deductions and the payments made to the respective entities. Also, many tax forms can be printed right from UAN when the payroll module is fully implemented.

**Officials' Response**

The Fiscal Officer is aware of this issue and will take the necessary steps to properly complete the necessary tax forms moving forward.

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# Dave Yost • Auditor of State

**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  
SEPTEMBER 10, 2015**