



Dave Yost • Auditor of State



VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Put-in-Bay  
Ottawa County  
P.O. Box 245  
Put-in-Bay, Ohio 43456-0245

To the Village Council:

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

We have audited the accompanying financial statements and related notes of the Village of Put-in-Bay, Ottawa County, Ohio (the Village) 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 Village'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 Village'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 Village 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 Village as of December 31, 2013 and 2012, or changes in financial position or cash flows 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 the Village of Put-in-Bay, 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 July 21, 2014, on our consideration of the Village'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 Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 21, 2014

**VILLAGE OF PUT-IN-BAY  
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	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 820,718				\$ 820,718
Intergovernmental	119,318	\$ 74,050			193,368
Special Assessments			\$ 19,275		19,275
Charges for Services	568,461	800			569,261
Fines, Licenses and Permits	66,322	47,920			114,242
Earnings on Investments	13,552	1,455			15,007
Miscellaneous	119,900	14,222		\$ 5,320	139,442
<i>Total Cash Receipts</i>	<u>1,708,271</u>	<u>138,447</u>	<u>19,275</u>	<u>5,320</u>	<u>1,871,313</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	628,572				628,572
Public Health Services	6,747	7,000			13,747
Leisure Time Activities	246,872	18,501			265,373
Community Environment	4,707				4,707
Transportation	65,635	10,901			76,536
General Government	334,364	4,091			338,455
Capital Outlay	119,072	167		577,417	696,656
Debt Service:					
Principal Retirement	87,912		9,200		97,112
Interest and Fiscal Charges	50,100		7,464		57,564
<i>Total Cash Disbursements</i>	<u>1,543,981</u>	<u>40,660</u>	<u>16,664</u>	<u>577,417</u>	<u>2,178,722</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>164,290</u>	<u>97,787</u>	<u>2,611</u>	<u>(572,097)</u>	<u>(307,409)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes				5,600,000	5,600,000
Other Debt Proceeds				30,004	30,004
Transfers In	976			5,000	5,976
Transfers Out	(5,000)				(5,000)
Advances In	34,388				34,388
Advances Out		(34,388)			(34,388)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>30,364</u>	<u>(34,388)</u>		<u>5,635,004</u>	<u>5,630,980</u>
<i>Net Change in Fund Cash Balances</i>	194,654	63,399	2,611	5,062,907	5,323,571
<i>Fund Cash Balances, January 1</i>	<u>900,159</u>	<u>246,089</u>	<u>19,402</u>	<u>39,229</u>	<u>1,204,879</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		282,059	22,013	5,101,255	5,405,327
Committed		27,429		881	28,310
Unassigned	1,094,813				1,094,813
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,094,813</u>	<u>\$ 309,488</u>	<u>\$ 22,013</u>	<u>\$ 5,102,136</u>	<u>\$ 6,528,450</u>

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

**VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 1,057,809		\$ 1,057,809
<b>Operating Cash Disbursements</b>			
Personal Services	304,111		304,111
Employee Fringe Benefits	117,230		117,230
Contractual Services	151,316		151,316
Supplies and Materials	235,068		235,068
Claims	69,907		69,907
<i>Total Operating Cash Disbursements</i>	<u>877,632</u>		<u>877,632</u>
<i>Operating Income</i>	<u>180,177</u>		<u>180,177</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	30,163		30,163
Miscellaneous Receipts	11,840		11,840
Capital Outlay	(38,724)		(38,724)
Principal Retirement	(153,606)		(153,606)
Interest and Other Fiscal Charges	(50,431)		(50,431)
Other Financing Sources	8,008	\$ 37,357	45,365
Other Financing Uses		(36,330)	(36,330)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(192,750)</u>	<u>1,027</u>	<u>(191,723)</u>
<i>Income (Loss) before Transfers</i>	<u>(12,573)</u>	<u>1,027</u>	<u>(11,546)</u>
Transfers In	23,539		23,539
Transfers Out	(24,515)		(24,515)
<i>Net Change in Fund Cash Balances</i>	<u>(13,549)</u>	<u>1,027</u>	<u>(12,522)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,229,932</u>	<u>1,263</u>	<u>1,231,195</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,216,383</u>	<u>\$ 2,290</u>	<u>\$ 1,218,673</u>

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



**VILLAGE OF PUT-IN-BAY  
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	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 746,315				\$ 746,315
Intergovernmental	122,738	\$ 54,257			176,995
Special Assessments			\$ 17,389		17,389
Charges for Services	510,465	1,100			511,565
Fines, Licenses and Permits	88,933	47,593			136,526
Earnings on Investments	11,104	1,316			12,420
Miscellaneous	43,796	38,849		\$ 5,041	87,686
<i>Total Cash Receipts</i>	<u>1,523,351</u>	<u>143,115</u>	<u>17,389</u>	<u>5,041</u>	<u>1,688,896</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	559,413				559,413
Public Health Services	6,821	2,000			8,821
Leisure Time Activities	230,444	28,500			258,944
Community Environment	5,002				5,002
Basic Utility Services					-
Transportation	58,604	169,572			228,176
General Government	314,565	4,065			318,630
Capital Outlay	198,925	32,172		1,089,556	1,320,653
Debt Service:					
Principal Retirement	97,487		8,670		106,157
Interest and Fiscal Charges	39,914		7,994		47,908
<i>Total Cash Disbursements</i>	<u>1,511,175</u>	<u>236,309</u>	<u>16,664</u>	<u>1,089,556</u>	<u>2,853,704</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,176</u>	<u>(93,194)</u>	<u>725</u>	<u>(1,084,515)</u>	<u>(1,164,808)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds				1,400,430	1,400,430
Transfers In				6,590	6,590
Transfers Out	(6,590)				(6,590)
Advances In	315,973	46,220			362,193
Advances Out	(16,220)	(30,000)		(315,973)	(362,193)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>293,163</u>	<u>16,220</u>		<u>1,091,047</u>	<u>1,400,430</u>
<i>Net Change in Fund Cash Balances</i>	<u>305,339</u>	<u>(76,974)</u>	<u>725</u>	<u>6,532</u>	<u>235,622</u>
<i>Fund Cash Balances, January 1</i>	<u>594,820</u>	<u>323,063</u>	<u>18,677</u>	<u>32,697</u>	<u>969,257</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		203,408	19,402	38,668	261,478
Committed		42,681		561	43,242
Unassigned	900,159				900,159
<i>Fund Cash Balances, December 31</i>	<u>\$ 900,159</u>	<u>\$ 246,089</u>	<u>\$ 19,402</u>	<u>\$ 39,229</u>	<u>\$ 1,204,879</u>

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

**VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 964,684		\$ 964,684
<b>Operating Cash Disbursements</b>			
Personal Services	285,939		285,939
Employee Fringe Benefits	118,917		118,917
Contractual Services	127,518		127,518
Supplies and Materials	184,049		184,049
Other	82,688		82,688
<i>Total Operating Cash Disbursements</i>	799,111		799,111
<i>Operating Income</i>	165,573		165,573
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	114,927		114,927
Miscellaneous Receipts	6,578		6,578
Capital Outlay	(37,024)		(37,024)
Principal Retirement	(76,106)		(76,106)
Interest and Other Fiscal Charges	(24,076)		(24,076)
Other Financing Sources	8,585	32,368	40,953
Other Financing Uses		(32,846)	(32,846)
<i>Total Non-Operating Receipts (Disbursements)</i>	(7,116)	(478)	(7,594)
<i>Income (Loss) before Transfers</i>	158,457	(478)	157,979
Transfers In	15,038		15,038
Transfers Out	(15,038)		(15,038)
<i>Net Change in Fund Cash Balances</i>	158,457	(478)	157,979
<i>Fund Cash Balances, January 1</i>	1,071,475	1,741	1,073,216
<i>Fund Cash Balances, December 31</i>	\$ 1,229,932	\$ 1,263	\$ 1,231,195

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

**VILLAGE OF PUT-IN-BAY  
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 the Village of Put-in-Bay, Ottawa County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, transportation, water and sewer utilities, public health services, park operations (leisure time activities), and police services (security of persons and property). The Village contracts with Put-in-Bay Township to receive fire protection and emergency medical services.

The Village's management believes these financial statements present all activities for which the Village 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 Village 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 Village'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 Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village 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.

**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 debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY**

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

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

Street Repair Fund – This fund receives vehicle permit fees assessed by the Village for constructing, maintaining, and repairing Village streets.

Put-in-Bay Arts Council - The Put-in-Bay Arts Council is a group formed to offer art enrichment programs and events to the community. The fund receives donations that are used for funding and supplies of programs and events.

**3. Debt Service Fund**

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Special Assessment Bay View Avenue Fund – This fund receives special assessments to pay the debt accumulated for this project.

**4. Capital Project Funds**

These funds account for and report 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 Village had the following significant Capital Project Funds:

Water Treatment Plant Expansion Phase II Fund – This fund is used to account for loan proceeds to be used for capital improvements for phase II of the Village water treatment plant expansion project.

Dock Project Fund – This fund is used to account for the bond proceeds to be used for capital improvement of the Village's Docks.

**5. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

**6. Fiduciary Funds (Agency Funds)**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the activity of the Mayor's Court.

VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or department level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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 Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village 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

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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.

**VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY**

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

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

**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 Village Council or a Village 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.

The Village 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 Village 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 Village 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	\$7,281,184	\$1,970,317
STAR Ohio	465,939	465,757
Total deposits and investments	\$7,747,123	\$2,436,074

**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.

**VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY**

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

**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	\$1,708,270	\$1,743,635	\$35,365
Special Revenue	144,812	138,447	(6,365)
Debt Service	19,275	19,275	
Capital Projects	5,640,004	5,640,324	320
Enterprise	1,107,820	1,131,359	23,539
Total	\$8,620,181	\$8,673,040	\$52,859

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,707,625	\$1,552,022	\$155,603
Special Revenue	378,697	75,048	303,649
Debt Service	38,676	16,664	22,012
Capital Projects	624,194	577,417	46,777
Enterprise	1,905,032	1,146,036	758,996
Total	\$4,654,224	\$3,367,187	\$1,287,037

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,031,784	\$1,839,324	(\$192,460)
Special Revenue	163,054	189,335	26,281
Debt Service	33,251	17,389	(15,862)
Capital Projects	1,631,058	1,412,061	(218,997)
Enterprise	1,348,174	1,109,812	(238,362)
Total	\$5,207,321	\$4,567,921	(\$639,400)

**VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY**

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

**3. BUDGETARY ACTIVITY (CONTINUED)**

20BB Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,645,053	\$1,539,247	\$105,806
Special Revenue	334,888	266,309	68,579
Debt Service	16,664	16,664	
Capital Projects	3,375,290	1,415,856	1,959,434
Enterprise	2,031,018	953,994	1,077,024
Total	<u>\$7,402,913</u>	<u>\$4,192,070</u>	<u>\$3,210,843</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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.

Public utilities are also taxed on personal and real property located within the Village.

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 Village.

**5. RESORT TAX**

The Village levies a resort income tax of 1.5 percent on income arising from business activities conducted within the Village. Businesses submit the tax to the Ohio Department of Taxation. The Ohio Department of Taxation remits the tax to the Village's General Fund monthly.



**VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY**

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

**6. DEBT**

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
<b>Ohio Water Development Authority</b>		
State Sewer Project Loan #2087	\$123,716	6.87%
State Sewer Project Loan #2088	112,749	6.12%
State Water Project Loan #3029	68,791	6.87%
State Water Project Supplement Loan #3030	24,014	5.88%
Water Plan Renovation Loan #4312	95,753	4.00%
Ground Level Storage Project Loan #4735	967,570	1.50%
Phase I, Phase II WWTP Imp. and Effluent Discharge Loan #5039	852,374	1.50%
WTP and Intake Improvements Design Loan #5812	3,838	2.00%
Water Intake Improvements Loan #5897	999,736	2.00%
WTP & Intake Phase II Loan #6122	952,982	2.00%
<b>Ohio Public Works Commission</b>		
Water Plant Loan #CU408	27,988	3.00%
Wastewater Treatment Plant Improvements Loan #CE55H	66,664	0.00%
South Bass Island Water System Improvements Loan #CU05K	28,882	0.00%
Waste Water Treatment Plant Effluent Storm Sewer Loan #CE26L	121,411	0.00%
Waste Water Treatment Plant Improvements Loan #CE38K	239,417	0.00%
Water Treatment Raw Water Intake Replacement Loan #CE46O	308,750	
Municipal Dock Rehabilitation Project Revenue Note	5,600,000	1.75%
Total	<u><u>\$10,594,635</u></u>	

The Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) loans relate to water and sewer plant projects, plant expansions, a ground level storage tank, effluent discharge, and effluent storm sewer projects the Environmental Protection Agency ordered. The Village will repay the loans through semiannual installments through the year 2042. The loans are collateralized by water and sewer receipts. The Village Council has also elected to use a portion of the General Fund's resort tax receipts for the repayment of debt related to capital improvements.

The Municipal Dock Rehabilitation Project Revenue Note was issued in 2013 for construction and acquisition of improvements to the municipal docks. Revenues derived from the operation of the municipal dock, proceeds from the resort tax, and anticipate grant proceeds are pledged for the repayment of the note at maturity. The note is payable in one installment at maturity.

**VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY**

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

**6. DEBT (CONTINUED)**

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OWDA Loans	OPWC Loans	Municipal Dock Rehabilitation Project Revenue Note
2014	\$118,441	\$39,894	\$5,697,726
2015	118,441	39,894	
2016	118,441	39,894	
2017	118,441	39,894	
2018	118,441	39,894	
2019-2023	427,491	195,897	
2024-2028	260,744	168,278	
2029-2033	245,040	113,522	
2034-2038	171,527	77,514	
2039-2042		42,585	
Total	<u>\$1,697,007</u>	<u>\$797,266</u>	<u>\$5,697,726</u>

Phase I, Phase II WWTP Imp. and Effluent Discharge Loan #5039, WTP and Intake Improvements Design Loan #5812, Water Intake Improvements Loan #5897, and WTP and Intake Phase II Loan #6122 have not been completed and no amortization schedules are available at this time. Accordingly, the schedule above does not reflect future debt service payments for these loans. As of December 31, 2013 the Village had borrowed \$852,374, \$3,838, \$999,736, and \$952,982, respectively.

**7. MANUSCRIPT DEBT**

The Village Council approved the purchase of its own Water Treatment Plant Bond Anticipation Notes in 2011. The notes relate to constructing and acquiring improvements for the Village's water treatment plant. The notes carry an interest rate of 2 percent and have been accounted for using the advance method. \$315,973 was outstanding as of December 31, 2011 payable to the Village's General Fund from the Water Treatment Plant Expansion Phase II Fund. The Village advanced the \$315,973 from the Water Treatment Plant Expansion Phase II Fund back to the General Fund during 2012.

**8. INTERFUND RECEIVABLES/PAYABLES**

The Village reports advances-in and advances-out for interfund loan activity. The accompanying financial statements do not report these items as assets or liabilities. Repayment is expected to be made in a reasonable period of time.

In 2012 advances in/out consisted of Water Treatment Plant Expansion Phase II Fund advance of \$315,973 to the General Fund to repay a manuscript debt issue from a prior period; General Fund advances of \$7,000 and \$9,200 to the Safe Routes Fund to provide funds in lieu of receipt of grant monies; and Public Service Street Repair advance of \$30,000 to the Natureworks Community Beach Fund to provide funds in lieu of the receipt of grant monies.

**VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY**

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

**9. RETIREMENT SYSTEMS**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

**10. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property, crime, professional, umbrella, and general liability;
- Vehicles; and
- Marina operators and marine patrol.

**11. CONTINGENT LIABILITIES**

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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*

Village of Put-in-Bay  
Ottawa County  
P.O. Box 245  
Put-in-Bay, Ohio 43456-0245

To the Village Council:

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 Village of Put-in-Bay, Ottawa County, Ohio (the Village) 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 July 21, 2014 wherein we noted the Village 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 Village'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 Village'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 Village'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 Village'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 Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village'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 Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 21, 2014

**VILLAGE OF PUT-IN-BAY  
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 the following errors requiring adjustment to the financial statements or notes to the financial statements for the year ending December 31, 2012:

- Principal and interest payments of \$97,487 and \$647, respectively, were improperly classified in the General Fund as interest and fiscal charges and security of persons and property;
- Estimated receipts were increased \$319,842 in the General Fund in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Budgeted expenditures were decreased \$178,733 in the Special Revenue Funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Estimated receipts were decreased \$17,644 in the Special Revenue Funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Fund balances for the Baywalk Project, Put-in-Bay Arts Council, and Community Playground Special Revenue funds in the amount of \$6,466, \$7,805, and \$28,410, respectively, were reclassified from Restricted to Committed;
- Principal and interest payments of \$8,670 and \$7,994, respectively, were improperly classified in the Debt Service Fund as general government;
- Budgeted expenditures were decreased \$19,402 in the Debt Service Fund in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Other Debt Proceeds in the amount of \$1,370,488 were improperly classified in the Capital Projects funds as intergovernmental revenue;
- Advances in and out in the amount of \$250,571 were decreased in the Capital Projects and Enterprise funds to eliminate advances made and repaid in the same calendar year;
- Other Debt Proceeds and Capital Outlay were increased \$29,942 in the Capital Projects funds in order to properly recognize on-behalf loan activity;
- Budgeted expenditures were increased \$1,693,418 in the Capital Projects funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Estimated receipts were decreased \$250,571 in the Capital Projects funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Fund balance for the Town Hall Improvement Capital Project Fund in the amount of \$561 were reclassified from Restricted to Committed;
- Principal, Interest, and Other disbursements in the amount of \$76,106, \$11,439, and \$12,500, respectively, were improperly classified in the Enterprise funds as interest and fiscal charges and capital outlay;

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

- Budgeted expenditures were increased \$491,382 in the Enterprise funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Estimated receipts were increased \$272,792 in the Enterprise funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;

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

- Principal and interest payments of \$87,912 and \$125, respectively, were improperly classified in the General Fund as interest and fiscal charges and security of persons and property;
- Estimated receipts were increased \$104,511 in the General Fund in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Principal and interest payments of \$9,200 and \$7,464, respectively, were improperly classified in the Debt Service Fund as general government;
- Other Debt Proceeds and Note Proceeds in the amount of \$30,004, and \$5,600,000 were improperly classified in the Capital Projects funds as intergovernmental revenue;
- Principal and Interest payments in the amount of \$153,606 and \$10,412, respectively, were improperly classified in the Enterprise funds as interest and fiscal charges and capital outlay;
- Estimated receipts were decreased \$14,967 in the Enterprise funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;

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 \$2,855 to \$30,000.

The accompanying financial statements have been adjusted to reflect the necessary changes.

Sound financial reporting is the responsibility of the Fiscal Officer and the Village Council 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 Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer, to identify and correct errors and omissions. Also, the Fiscal Officer can refer to the Village Officer's Handbook at the following web site address for guidance on the recording of transactions: <https://ohioauditor.gov/publications/OhioVillageOfficersHandbook2014.pdf>

**Officials' Response:**

Fiscal Officer will review to ensure amounts are properly classified in the Village's accounting records.



**VILLAGE OF PUT-IN-BAY  
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 Administrative Code 117-2-01 (A) and (D) for the lack of adequate internal controls over dock receipts.	Yes	
2011-002	Ohio Rev. Code § 5705.10 (D) for posting revenues to the incorrect fund.	Yes	
2011-003	Material weakness for failure to appropriately record on-behalf grant and loan activity.	No	Partially corrected reducing this to a Management Letter comment.
2011-004	Ohio Rev. Code § 5705.39 for appropriations exceeding estimated resources.	No	Partially corrected reducing this to a Management Letter comment.

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**VILLAGE OF PUT-IN-BAY**

**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  
AUGUST 7, 2014**