



**VILLAGE OF PUT IN BAY
OTTAWA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF PUT IN BAY
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Put In Bay
Ottawa County
610 Catawba Avenue
P.O. Box 245
Put In Bay, Ohio 43456-0245

To the Village Council:

We have audited the accompanying financial statements of the Village of Put In Bay, Ottawa County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2000 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 grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

July 26, 2000

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**VILLAGE OF PUT IN BAY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types	
	General	Special Revenue
Cash Receipts:		
Property Tax and Other Local Taxes	\$236,210	
Special Assessments		
Intergovernmental Receipts	130,060	\$212,731
Charges for Services	602,443	
Fines, Licenses, and Permits	118,781	28,262
Earnings on Investments	12,210	2,420
Miscellaneous	8,178	9,852
	<u>1,107,882</u>	<u>253,265</u>
Total Cash Receipts		
Cash Disbursements:		
Current:		
Security of Persons and Property	336,814	198,278
Public Health Services	3,551	1,800
Leisure Time Activities	303,391	
Community Environment	600	
Transportation	59,250	83,624
General Government	200,100	2,968
Debt Service	77,839	9,075
Capital Outlay	127,107	
	<u>1,108,652</u>	<u>295,745</u>
Total Disbursements		
Total Receipts Over/(Under) Disbursements	<u>(770)</u>	<u>(42,480)</u>
Other Financing Receipts/(Disbursements):		
Transfers-In		7,778
Transfers-Out	(7,778)	
	<u>(7,778)</u>	<u>7,778</u>
Total Other Financing Receipts/(Disbursements)		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(8,548)</u>	<u>(34,702)</u>
Fund Cash Balances January 1	<u>171,299</u>	<u>103,194</u>
Fund Cash Balances, December 31	<u>\$162,751</u>	<u>\$68,492</u>
Reserves for Encumbrances, December 31	<u>\$11,149</u>	<u></u>

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

<u>Governmental Fund Types</u>		<u>Totals</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
		\$236,210
\$19,619		19,619
	\$316,053	658,844
52,384	35,023	689,850
		147,043
	192	14,822
	491,501	509,531
<u>72,003</u>	<u>842,769</u>	<u>2,275,919</u>
		535,092
		5,351
		303,391
		600
		142,874
		203,068
92,212		179,126
	286,577	413,684
<u>92,212</u>	<u>286,577</u>	<u>1,783,186</u>
<u>(20,209)</u>	<u>556,192</u>	<u>492,733</u>
		7,778
		(7,778)
(20,209)	556,192	492,733
<u>35,807</u>	<u>132,375</u>	<u>442,675</u>
<u>\$15,598</u>	<u>\$688,567</u>	<u>\$935,408</u>
	<u>\$153,376</u>	<u>\$164,525</u>

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**VILLAGE OF PUT IN BAY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$324,781		\$324,781
Miscellaneous	12,178		12,178
	<u>336,959</u>		<u>336,959</u>
Operating Cash Disbursements:			
Personal Services	85,950		85,950
Fringe Benefits	37,419		37,419
Contractual Services	50,905		50,905
Supplies and Materials	131,979		131,979
	<u>306,253</u>		<u>306,253</u>
Operating Income	<u>30,706</u>		<u>30,706</u>
Non-Operating Cash Receipts:			
Other Financing Sources		\$145,106	145,106
Other Financing Uses		(143,404)	(143,404)
		<u>1,702</u>	<u>1,702</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	<u>30,706</u>	<u>1,702</u>	<u>32,408</u>
Net Receipts Over Disbursements	30,706	1,702	32,408
Fund Cash Balances, January 1	<u>51,638</u>	<u>559</u>	<u>52,197</u>
Fund Cash Balances, December 31	<u>\$82,344</u>	<u>\$2,261</u>	<u>\$84,605</u>
Reserve for Encumbrances, December 31			

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

**VILLAGE OF PUT IN BAY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types	
	General	Special Revenue
Cash Receipts:		
Property Tax and Other Local Taxes	\$159,144	
Special Assessments		
Intergovernmental Receipts	104,615	\$197,439
Charges for Services	607,930	
Fines, Licenses, and Permits	104,833	20,327
Earnings on Investments	14,750	3,100
Miscellaneous	15,934	2,421
Total Cash Receipts	1,007,206	223,287
Cash Disbursements:		
Current:		
Security of Persons and Property	233,333	168,874
Public Health Services	2,159	1,800
Leisure Time Activities	298,471	
Community Environment	600	
Transportation	77,443	11,693
General Government	146,661	3,670
Debt Service	37,477	13,142
Capital Outlay	364,628	
Total Disbursements	1,160,772	199,179
Total Receipts Over/(Under) Disbursements	(153,566)	24,108
Other Financing Receipts/(Disbursements):		
Transfers-In	4,500	
Transfers-Out		
Other financing sources		1,196
Total Other Financing Receipts/(Disbursements)	4,500	1,196
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(149,066)	25,304
Fund Cash Balances January 1	320,365	77,890
Fund Cash Balances, December 31	\$171,299	\$103,194
Reserves for Encumbrances, December 31	\$19,075	

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

<u>Governmental Fund Types</u>		<u>Totals</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
		\$159,144
\$17,173	\$6,010	23,183
	58,224	360,278
108,438	83,332	799,700
		125,160
	2,313	20,163
	99,600	117,955
<u>125,611</u>	<u>249,479</u>	<u>1,605,583</u>
		402,207
		3,959
		298,471
		600
		89,136
		150,331
99,307		149,926
	117,685	482,313
<u>99,307</u>	<u>117,685</u>	<u>1,576,943</u>
<u>26,304</u>	<u>131,794</u>	<u>28,640</u>
		4,500
	(60,728)	(60,728)
		1,196
	(60,728)	(55,032)
26,304	71,066	(26,392)
<u>9,503</u>	<u>61,309</u>	<u>469,067</u>
<u>\$35,807</u>	<u>\$132,375</u>	<u>\$442,675</u>
		<u>\$19,075</u>

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**VILLAGE OF PUT IN BAY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$304,385		\$304,385
Miscellaneous	8,465		8,465
	<u>312,850</u>		<u>312,850</u>
Operating Cash Disbursements:			
Personal Services	76,355		76,355
Fringe Benefits	24,622		24,622
Contractual Services	46,443		46,443
Supplies and Materials	175,700		175,700
Miscellaneous	200		200
	<u>323,320</u>		<u>323,320</u>
Operating Income/(Loss)	<u>(10,470)</u>		<u>(10,470)</u>
Non-Operating Cash Receipts:			
Other Financing Sources	11,770	\$118,011	129,781
Other Financing Uses		<u>(117,986)</u>	<u>(117,986)</u>
	<u>11,770</u>	<u>25</u>	<u>11,795</u>
Non-Operating Cash Disbursements:			
Debt Service	<u>(24,198)</u>		<u>(24,198)</u>
	<u>(24,198)</u>		<u>(24,198)</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(22,898)	25	(22,873)
Transfers-In	<u>56,228</u>		<u>56,228</u>
Net Receipts Over Disbursements	33,330	25	33,355
Fund Cash Balances, January 1	<u>18,308</u>	<u>534</u>	<u>18,842</u>
Fund Cash Balances, December 31	<u>\$51,638</u>	<u>\$559</u>	<u>\$52,197</u>
Reserve for Encumbrances, December 31	<u><u>\$8,371</u></u>		<u><u>\$8,371</u></u>

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

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**VILLAGE OF PUT IN BAY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Put In Bay, Ottawa County, (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

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.

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

2. Special Revenue Fund

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 Village had the following significant Special Revenue Fund:

VILLAGE OF PUT IN BAY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

COPS Grant Fund -This fund receives federal grant monies which are used for additional police protection in and around the Village.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

OWDA Water Debt Fund - This fund receives surcharges from the utility customers to pay the debt accumulated.

OWDA Sewer Debt Fund - This fund receives surcharges from the utility customers to pay the debt accumulated.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Water Plant Improvement Fund - This fund received OWDA (Ohio Water Development Authority) loan proceeds to fund improvements to this project.

Bayview Enhancement Project Fund - This fund received reimbursements from Devirera Park and the Put In Bay Port Authority to fund this project.

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Mayor's Court Fund - Receives fines, costs and bonds for cases that are heard in the Mayor's Court and disburses those amounts to the Village and the State of Ohio.

**VILLAGE OF PUT IN BAY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village 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>1999</u>	<u>1998</u>
Demand deposits	\$797,153	\$382,168
STAR Ohio	<u>222,860</u>	<u>112,704</u>
Total deposits and investments	<u><u>\$1,020,013</u></u>	<u><u>\$494,872</u></u>

VILLAGE OF PUT IN BAY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,192,829	\$ 1,107,882	\$ (84,947)
Special Revenue	337,683	261,043	(76,640)
Debt Service	101,294	72,003	(29,291)
Capital Projects	594,000	842,769	248,769
Enterprise	321,000	336,959	15,959
Total	\$ 2,546,806	\$ 2,765,762	\$ 218,956

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,367,130	\$ 1,127,579	\$ 239,551
Special Revenue	437,877	295,745	142,132
Debt Service	137,101	92,212	44,889
Capital Projects	726,375	439,953	286,422
Enterprise	372,638	306,253	66,385
Total	\$ 3,041,121	\$ 2,405,146	\$ 635,975

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,006,170	\$ 1,011,706	\$ 5,536
Special Revenue	212,261	224,483	12,222
Debt Service	101,237	125,611	24,374
Capital Projects	431,321	249,479	(181,842)
Enterprise	357,864	380,848	22,984
Total	\$ 2,108,853	\$ 2,110,138	\$ 1,285

VILLAGE OF PUT IN BAY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,333,205	\$ 1,179,847	\$ 153,358
Special Revenue	267,639	199,179	68,460
Debt Service	110,740	99,307	11,433
Capital Projects	347,330	178,413	168,917
Enterprise	376,172	355,889	20,283
Total	\$ 2,435,086	\$ 2,130,621	\$ 304,465

4. PROPERTY TAX

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

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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Water Loan	\$193,614	8.35%
Ohio Water Development Authority Sewer Loan	294,311	9.88%
Federal Mortgage Home Administration Loan	62,900	5.50%
Ohio Public Works Commission Sewer Plant Loan	59,032	3.00%
Ohio Water Development Authority Water Project	146,028	6.87%
Ohio Water Development Authority Sewer Project	262,627	6.87%
Dock Loan - Kansas State Bank	51,366	7.91%
Ohio Water Development Authority State Sewer Project	73,915	5.88%
Ohio Water Development Authority State Sewer Project	202,828	6.12%
Ohio Water Development Authority Sewer Plant Project	108,557	5.77%
Total	\$1,455,178	

**VILLAGE OF PUT IN BAY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

The Ohio Water Development Authority (OWDA) loans, the Farmers Mortgage Home Administration (FMHA) loan, and the Ohio Public Works Commission (OPWC) loans relate to water and sewer projects and plant expansion projects that were mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments through the year 2023. The balance of the Dock Loan is being held in escrow pending the outcome of litigation brought against the contractor which filed for bankruptcy prior to completion of the project. The balance in the escrow account as of December 31, 1999 is \$49,762. The account is interest bearing and the interest earned will be used to offset the debt amount owed. In 1999, the Village drew down \$108,557 of a new loan agreement with OWDA totaling \$550,000. As of December 31, 1999, the project had not been closed nor had an amortization schedule been prepared for this loan. As such we have not included it in the amortization schedule below.

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

Year ending December 31:	OWDA Loans	FMHA Loan	OPWC Loan	Dock Loan
2000	\$143,017	\$4,859	\$3,572	\$29,003
2001	143,017	4,883	3,571	29,003
2002	143,017	4,900	3,572	
2003	143,017	4,912	3,571	
2004	143,017	4,918	3,572	
Subsequent	<u>1,311,896</u>	<u>87,884</u>	<u>64,288</u>	
Total	<u>\$2,026,981</u>	<u>\$112,356</u>	<u>\$82,146</u>	<u>\$58,006</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Commercial Property
- General Liability
- Commercial Crime
- Inland Marine
- Law Enforcement Liability
- Harbor Patrol Vessel

VILLAGE OF PUT IN BAY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

- Marina Operators
- Umbrella
- Business Automobile
- Boiler and Machinery
- Public Officials' Liability

The Village also provides health insurance to full-time employees through a private carrier.

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

Village of Put In Bay
Ottawa County
610 Catawba Avenue
P.O. Box 245
Put In Bay, Ohio 43456-0245

To the Village Council:

We have audited the accompanying financial statements of the Village of Put In Bay, Ottawa County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 26, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated July 26, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 26, 2000.

This report is intended for the information and use of the audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized, cursive script.

Jim Petro
Auditor of State

July 26, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 29, 2000**