



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY

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Mary Taylor, CPA  
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 9, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Put-in-Bay  
Ottawa County  
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, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 audit.

Except as described in the third paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

The Village did not provide sufficient documentation supporting the charges for services related to dock fees as recorded in the General Fund. Without this evidential matter, we were unable to obtain sufficient assurances over completeness of the General Fund charges for services nor were we able to satisfy ourselves through other auditing procedures. Charges for services related to dock fees represent 18 percent of receipts recorded in the General Fund for the year ended December 31, 2009 and 13 percent of receipts recorded in the General Fund for the year ended December 31, 2008.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, except for the matter in the third paragraph above for adjustments, if any, as might have been determined to be necessary had we been able to audit the General Fund charges for services for dock fees, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Put-in-Bay, Ottawa County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.

We conducted our audit to opine on the financial statements that collectively comprise the Village's financial statements. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Expenditures to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

September 9, 2010



VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$543,129				\$543,129
Intergovernmental	108,099	\$55,394		\$981,904	1,145,397
Special Assessments			\$19,593		19,593
Charges for Services	555,908	300			556,208
Fines, Licenses and Permits	91,109	52,310			143,419
Earnings on Investments	1,874	705			2,579
Miscellaneous	77,257	87,429		5,000	169,686
<b>Total Cash Receipts</b>	<u>1,377,376</u>	<u>196,138</u>	<u>19,593</u>	<u>986,904</u>	<u>2,580,011</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	519,458				519,458
Public Health Services	6,441				6,441
Leisure Time Activities	312,012	78,408			390,420
Community Environment	1,385				1,385
Transportation	33,734	288,751			322,485
General Government	244,177	1,800	453		246,430
Debt Service:					
Redemption of Principal	145,109		7,255		152,364
Interest and Fiscal Charges	39,559		9,409	7,599	56,567
Capital Outlay	82,203	2,129		3,115,346	3,199,678
<b>Total Cash Disbursements</b>	<u>1,384,078</u>	<u>371,088</u>	<u>17,117</u>	<u>3,122,945</u>	<u>4,895,228</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(6,702)</u>	<u>(174,950)</u>	<u>2,476</u>	<u>(2,136,041)</u>	<u>(2,315,217)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes				500,000	500,000
Other Debt Proceeds				1,315,464	1,315,464
Advances-In		10,000		560,000	570,000
Advances-Out	(20,000)				(20,000)
Other Financing Sources	29			5,000	5,029
Other Financing Uses	(44)				(44)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(20,015)</u>	<u>10,000</u>		<u>2,380,464</u>	<u>2,370,449</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(26,717)</u>	<u>(164,950)</u>	<u>2,476</u>	<u>244,423</u>	<u>55,232</u>
<b>Fund Cash Balances, January 1</b>	<u>283,117</u>	<u>506,674</u>	<u>13,077</u>	<u>86,548</u>	<u>889,416</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$256,400</b></u>	<u><b>\$341,724</b></u>	<u><b>\$15,553</b></u>	<u><b>\$330,971</b></u>	<u><b>\$944,648</b></u>

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$858,311		\$858,311
<b>Operating Cash Disbursements:</b>			
Personal Services	218,200		218,200
Employee Fringe Benefits	84,135		84,135
Contractual Services	101,058		101,058
Supplies and Materials	268,345		268,345
Other	39,375		39,375
Total Operating Cash Disbursements	711,113		711,113
Operating Income	147,198		147,198
<b>Non-Operating Cash Receipts:</b>			
Special Assessments	48,264		48,264
Other Non-Operating Cash Receipts	11,516	\$75,195	86,711
Total Non-Operating Cash Receipts	59,780	75,195	134,975
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	48,021		48,021
Redemption of Principal	5,501		5,501
Interest and Other Fiscal Charges	4,968		4,968
Other Non-Operating Cash Disbursements		75,908	75,908
Total Non-Operating Cash Disbursements	58,490	75,908	134,398
Excess of Receipts Over/(Under) Disbursements Before Advances	148,488	(713)	147,775
Advances-Out	(550,000)		(550,000)
Net Receipts (Under) Disbursements	(401,512)	(713)	(402,225)
Fund Cash Balances, January 1	830,907	1,828	832,735
<b>Fund Cash Balances, December 31</b>	<b>\$429,395</b>	<b>\$1,115</b>	<b>\$430,510</b>

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$636,703				\$636,703
Intergovernmental	124,227	\$59,346		\$868,197	1,051,770
Special Assessments			\$16,969		16,969
Charges for Services	543,193	900			544,093
Fines, Licenses and Permits	66,458	51,618			118,076
Earnings on Investments	15,643	3,539			19,182
Miscellaneous	76,850	18,314			95,164
<b>Total Cash Receipts</b>	<u>1,463,074</u>	<u>133,717</u>	<u>16,969</u>	<u>868,197</u>	<u>2,481,957</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	504,082	450			504,532
Public Health Services	6,368	3,600			9,968
Leisure Time Activities	293,939	27,919			321,858
Community Environment	1,314				1,314
Transportation	58,127	27,620			85,747
General Government	266,658	3,165	333		270,156
Debt Service:					
Redemption of Principal	798,795		6,836		805,631
Interest and Fiscal Charges	61,797		9,828	7,887	79,512
Capital Outlay	71,348			1,101,566	1,172,914
<b>Total Cash Disbursements</b>	<u>2,062,428</u>	<u>62,754</u>	<u>16,997</u>	<u>1,109,453</u>	<u>3,251,632</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(599,354)</u>	<u>70,963</u>	<u>(28)</u>	<u>(241,256)</u>	<u>(769,675)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Other Debt Proceeds				141,931	141,931
Transfers-In				100,000	100,000
Transfers-Out	(100,000)				(100,000)
Other Financing Uses	(728)				(728)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(100,728)</u>			<u>241,931</u>	<u>141,203</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(700,082)</u>	<u>70,963</u>	<u>(28)</u>	<u>675</u>	<u>(628,472)</u>
<b>Fund Cash Balances, January 1</b>	<u>983,199</u>	<u>435,711</u>	<u>13,105</u>	<u>85,873</u>	<u>1,517,888</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$283,117</b></u>	<u><b>\$506,674</b></u>	<u><b>\$13,077</b></u>	<u><b>\$86,548</b></u>	<u><b>\$889,416</b></u>

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$933,614		\$933,614
<b>Operating Cash Disbursements:</b>			
Personal Services	201,014		201,014
Employee Fringe Benefits	92,102		92,102
Contractual Services	158,494		158,494
Supplies and Materials	282,050		282,050
Other	4,558		4,558
Total Operating Cash Disbursements	738,218		738,218
Operating Income	195,396		195,396
<b>Non-Operating Cash Receipts:</b>			
Special Assessments	107,564		107,564
Miscellaneous Receipts	34,120		34,120
Other Non-Operating Cash Receipts	15,636	\$53,795	69,431
Total Non-Operating Cash Receipts	157,320	53,795	211,115
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	67,460		67,460
Redemption of Principal	26,805		26,805
Interest and Other Fiscal Charges	8,420		8,420
Other Non-Operating Cash Disbursements		57,229	57,229
Total Non-Operating Cash Disbursements	102,685	57,229	159,914
Net Receipts Over/(Under) Disbursements	250,031	(3,434)	246,597
Fund Cash Balances, January 1	580,876	5,262	586,138
<b>Fund Cash Balances, December 31</b>	<b>\$830,907</b>	<b>\$1,828</b>	<b>\$832,735</b>

*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, 2008 AND 2009**

**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, (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). Put-in-Bay Township provides fire protection and emergency medical services to the Village.

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 shares 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 reports all financial resources except those required to be accounted for in another fund.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from capital projects and enterprise funds) that are restricted to expenditure for specific purposes. 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.

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

**3. Debt Service Funds**

These funds account for resources the Village accumulates to pay bond and note debt. 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 receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise funds). The Village had the following significant Capital Project Fund:

Sewer Expansion Project Fund – This fund is used to account for grant resources and loan proceeds to be used for capital improvements for the Village wastewater treatment plant expansion project.

**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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**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 had the following Agency fund:

Mayor's Court Fund - This fund receives fines, costs, and bonds for cases heard in the Mayor's Court. The monies are disbursed to the Village and the State of Ohio.

**E. Budgetary Process**

The Ohio Revised Code requires 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**F. 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.

**G. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**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:

	2009	2008
Demand deposits	\$1,071,278	\$1,019,998
STAR Ohio	303,880	702,153
Total deposits and investments	\$1,375,158	\$1,722,151

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,282,055	\$1,377,405	\$95,350
Special Revenue	197,106	196,138	(968)
Debt Service	17,000	19,593	2,593
Capital Projects	4,760,000	2,807,368	(1,952,632)
Enterprise	834,500	918,091	83,591
Total	\$7,090,661	\$5,318,595	(\$1,772,066)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,565,172	\$1,384,122	\$181,050
Special Revenue	698,780	371,088	327,692
Debt Service	30,577	17,117	13,460
Capital Projects	5,704,038	3,122,945	2,581,093
Enterprise	1,639,907	769,603	870,304
Total	\$9,638,474	\$5,664,875	\$3,973,599



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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. BUDGETARY ACTIVITY – (CONTINUED)**

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,450,012	\$1,463,074	\$13,062
Special Revenue	110,400	133,717	23,317
Debt Service	19,500	16,969	(2,531)
Capital Projects	2,400,000	1,110,128	(1,289,872)
Enterprise	850,500	1,090,934	240,434
Total	\$4,830,412	\$3,814,822	(\$1,015,590)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,469,207	\$2,163,156	\$306,051
Special Revenue	545,367	62,754	482,613
Debt Service	32,605	16,997	15,608
Capital Projects	2,547,509	1,109,453	1,438,056
Enterprise	1,448,633	840,903	607,730
Total	\$7,043,321	\$4,193,263	\$2,850,058

**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 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, 2009 AND 2008  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
<b>Ohio Water Development Authority</b>		
State Sewer Project Loan - 2087	\$177,256	6.87%
State Sewer Project Loan - 2088	146,487	6.12%
Water Treatment Plant Loan - 2170	35,744	5.77%
State Water Project Loan - 3029	98,560	6.87%
State Water Project Supplement Loan - 3030	34,923	5.88%
Water Plant Renovation Loan - 4312	120,070	4.00%
Water Level Storage Project Loan - 4735	1,051,505	1.50%
Phase I, Phase II WWTP Imp. & Effluent Discharge Loan - 5039	888,435	1.50%
<b>Ohio Public Works Commission</b>		
Water Plant Loan - CU408	38,230	3.00%
Wastewater Treatment Plant Improvements Loan - CE55H	87,996	0.00%
South Bass Island Water System Improvements Loan - CU05K	36,102	0.00%
Waste Water Treatment Plant Effluent Storm Sewer Loan - CE26L	140,089	0.00%
Waste Water Treatment Plant Improvements Loan - CE38K	220,212	0.00%
Bond Anticipation Note - Wastewater Treatment Plant Expansion	500,000	2.125%
Total	<u>\$3,575,609</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 Ohio Environmental Protection Agency ordered. The Village will repay the loans in semiannual installments through the year 2039. 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.

OWDA loan 4735 for the ground level storage project and loan 5039 for phase I and phase II of the wastewater treatment plant improvements and effluent discharge project have not been completed and no amortization schedule is available at this time. As of December 31, 2009 the Village had borrowed \$1,051,505 and \$888,435, respectively.

OPWC loan CE38K for the wastewater treatment plant improvements project has not been completed and no amortization schedule is available at this time. As of December 31, 2009 the Village had borrowed \$220,212.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**6. DEBT – (CONTINUED)**

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

Year ending December 31:	OWDA Loans	OPWC Loans	Bond Anticipation Note
2010	\$106,208	\$15,379	\$507,969
2011	69,433	15,379	
2012	69,433	15,380	
2013	69,433	15,380	
2014	69,433	15,380	
2015 - 2019	347,164	76,897	
2020 - 2024	123,487	69,754	
2025 - 2029	5,233	40,373	
2030 - 2034		23,348	
2035 - 2039		23,348	
Total	\$859,824	\$310,618	\$507,969

**7. 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 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2009 and 2008, 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, 2009.

**8. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**9. CONTINGENT LIABILITIES**

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.

**10. RELATED PARTY TRANSACTIONS**

The Fiscal Officer's husband is the owner of a store from which the Village purchased various materials and supplies during the years ended December 31, 2009 and 2008. The Village paid \$6,163 and \$5,627, respectively, for these purchases.

**11. COMPLIANCE**

Dock receipts were not properly maintained as required by Ohio Administrative Code 117-2-01 (A) and (D).

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Disbursements
<b>United States Department of Justice</b>		
<i>Direct</i>		
ARRA - COPS Hiring Recovery Program	16.710	<u>\$18,277</u>
<b>United States Department of the Army</b>		
<i>Direct</i>		
Section 594 of the Water Resources Development Act of 1999	12.XXX	<u>804,652</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>		<b><u><u>\$822,929</u></u></b>

*The accompanying notes are an integral part of this schedule.*

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2009**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Village of Put-in-Bay's (the Village) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Village of Put-in-Bay, Ottawa County (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated September 9, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America and qualified our report due to a lack of sufficient documentation for General Fund charges for services related to dock fee receipts. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. Except as discussed in the first sentence regarding charges for services, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-002 described in the accompanying schedule of findings to be material weaknesses.

### **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, providing an opinion 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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 9, 2010.

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

We intend this report solely for the information and use of management, the audit committee, the Village Council, federal awarding agencies, and others within the Village. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

September 9, 2010





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Village Council:

### Compliance

We have audited the compliance of the Village of Put-in-Bay, Ottawa County (the Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Village's major federal program. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village of Put-in-Bay complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2009.

### Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the Village's management in a separate letter dated September 9, 2010.

We intend this report solely for the information and use of the audit committee, management, the Village Council, and federal awarding agencies. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

September 9, 2010

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2009**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	GAAP – Adverse Regulatory - Qualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Section 594 of the Water Resources Development Act of 1999 – CFDA # 12.XXX.
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2009-001**

**Noncompliance / Material Weakness – General Fund Charges for Services (Dock Fees)**

**Ohio Admin. Code Section 117-2-01 (A)** states all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

**Ohio Admin. Code Section 117-2-01 (D)** states when designing the public office's system of internal control and the specific control activities, management should consider the following:

1. Ensure that all transactions are properly authorized in accordance with management's policies.
2. Ensure that accounting records are properly designed.
3. Ensure adequate security of assets and records.
4. Plan for adequate segregation of duties or compensating controls.
5. Verify the existence and valuation of receipts and periodically reconcile them to the accounting records.
6. Perform analytical procedures to determine the reasonableness of financial data.

Internal controls over the Village's collection of dock receipts for the General Fund were not in place and operating effectively.

The following matters were noted during procedures performed:

- Credit card receipts could not be traced to subsequent receipt into the Village's financial records;
- Credit card tips were not handled in a consistent manner;
- Daily summaries of permits issued were not mathematically accurate and not reconciled to accounting records;
- Individual dock permits did not always indicate the method of payment;
- Daily summaries of permits issued were periodically rounded, while the individual dock permits were not and;
- Individuals that prepared and accounted for dock permits also handled cash.

Accordingly, we were unable to obtain reasonable assurances for completeness over dock receipts, which accounted for 18% of the General Fund receipts for the year ended December 31, 2009 and 13% for the year ended December 31, 2008.

The lack of controls and poor recordkeeping increases the risk that theft, fraud or errors could occur and not be detected in a timely manner. Therefore, having no reliable source documentation to substantiate daily receipts prohibits the assurance of completeness.

We recommend the Village:

- Perform a periodic reconciliation between credit card receipts per the Dock Master and credit card receipts into the Village's checking account, both in monetary terms and number of transactions;
- Develop and implement a clear, concise policy for the recording and distribution of credit card tips;
- Attach the credit card system-generated summary of activity, including daily tips to each Daily Dock Receipt form;
- Ensure the mathematical accuracy of all Daily Dock Receipt forms;
- Ensure that each permit issue contains the correct method of payment;

**FINDING NUMBER 2009-001  
(Continued)**

- Develop and implement a policy regarding the rounding of individual permit amounts to be collected;
- Consider implementing a change fund and corresponding change fund use policy;
- Develop and implement a policy for documenting and explaining daily cash discrepancies;
- Maintain a master permit inventory forms, including permits disbursed to dockhands, permits completed, and permits on hand;
- Consider involving Village personnel currently separate of the dock receipt process into the dock process. Such duties could include permit reconciliations, re-counting cash on hand, reconciling estimated to actual daily receipts, and making deposits.

**Client Response:**

The Fiscal Officer will ensure the implementation of a computerized dock system to accurately record the collection of monies and the proper distribution of dock permits.

**FINDING NUMBER 2009-002**

**Material Weakness – Recording Grant Activity**

In 2009 the Village was the beneficiary of \$573,545 of Ohio Public Work Commission (OPWC) and \$958,658 of Ohio Water Development Authority grants and/or loan monies sent directly to the vendors by OPWC and OWDA. The Fiscal Officer did not record the receipts and expenditure of this activity. Auditor of State Bulletin 2000-008 and 2002-004 prescribe recording these transactions as receipts and disbursements in a capital project fund when the Village applies for a project and has administrative responsibilities. The accompanying financial statements were adjusted to reflect these amounts in the Capital Projects Fund Type.

Sound financial reporting is the responsibility of the Fiscal Officer and 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 and Council, to identify and correct errors and omissions, as well as establishing the correct funds to present Village grant activity. The Fiscal Officer can review Auditor of State Bulletins 2000-008 and 2002-004 for accounting guidance for certain on-behalf-of grants or improvement projects.

**Client Response:**

In the future, a proper policy and procedure will be adopted and followed to correctly record and disburse monies received for any grant or loan activity.

**3. FINDINGS FOR FEDERAL AWARDS**

None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

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>
Finding 2007-001	Ohio Rev. Code Section 5705.41(D)(1) – Prior certification of funds.	No	Partially corrected – reissued as a verbal / agenda comment.
Finding 2007-002	Ohio Rev. Code Section 5705.10(D) – Use of receipts.	No	Partially corrected – reissued in the management letter.
Finding 2007-003	Ohio Rev. Code Section 731.141 – contracts.	Yes	
Finding 2007-004	Debt Activity – debt payoff was not recorded.	Finding No Longer Applicable.	



**Mary Taylor, CPA**  
Auditor of State

**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  
SEPTEMBER 23, 2010**