



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

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INDEPENDENT AUDITOR'S REPORT

Village of Put-in-Bay
Ottawa County
435 Catawba Avenue
Put-in-Bay, Ohio 43456-0245

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Put-in-Bay, Ottawa County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Keith Faber
Auditor of State
Columbus, Ohio

October 26, 2022

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Village of Put-in-Bay
Ottawa County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property taxes and Other Local Taxes	\$ 965,526				\$ 965,526
Intergovernmental	39,474	\$ 67,843		\$ 4,539	111,856
Charges for services	704,954				704,954
Fines, Licenses and Permits	52,702	34,211			86,913
Earnings on investments	4,184	617			4,801
Miscellaneous	113,231	67,919		5,000	186,150
<i>Total Cash Receipts</i>	<u>1,880,071</u>	<u>170,590</u>		<u>9,539</u>	<u>2,060,200</u>
Cash Disbursements					
Current:					
Security of Persons and Property	783,120	56,304		22,126	861,550
Leisure Time Activities	298,850	7,130			305,980
Community Environment	17,267				17,267
Transportation	48,190	41,956			90,146
General Government	432,004	6,887			438,891
Capital Outlay	24,876			37,991	62,867
Debt Service:					
Principal Retirement	271,489		\$ 14,797	885,000	1,171,286
Interest and Fiscal Charges	175,570		1,220	2,751	179,541
Issuance Costs				3,371	3,371
<i>Total Cash Disbursements</i>	<u>2,051,366</u>	<u>112,277</u>	<u>16,017</u>	<u>951,239</u>	<u>3,130,899</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(171,295)</u>	<u>58,313</u>	<u>(16,017)</u>	<u>(941,700)</u>	<u>(1,070,699)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes				885,000	885,000
Premium on Debt				7,434	7,434
Transfers In				5,000	5,000
Transfers Out	(5,000)				(5,000)
Other Financing Uses				(2,510)	(2,510)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,000)</u>	<u>-</u>		<u>894,924</u>	<u>889,924</u>
<i>Net Change in Fund Cash Balances</i>	<u>(176,295)</u>	<u>58,313</u>	<u>(16,017)</u>	<u>(46,776)</u>	<u>(180,775)</u>
<i>Fund Cash Balances, January 1</i>	<u>546,685</u>	<u>547,482</u>	<u>37,940</u>	<u>146,362</u>	<u>1,278,469</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 370,390</u>	<u>\$ 605,795</u>	<u>\$ 21,923</u>	<u>\$ 99,586</u>	<u>\$ 1,097,694</u>

See accompanying notes to the financial statements

Village of Put-in-Bay
Ottawa County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for services	\$ 1,377,728
Operating Cash Disbursements	
Personal Services	362,989
Employee Fringe Benefits	169,190
Contractual Services	175,092
Supplies and Materials	256,274
Other	14,865
<i>Total Operating Cash Disbursements</i>	978,410
<i>Operating Income</i>	399,318
Non-Operating Receipts (Disbursements)	
Special Assessments	118,873
Miscellaneous	36,321
Capital Outlay	(92,816)
Other Debt Proceeds	140,754
Principal Retirement	(140,547)
Interest and Fiscal Charges	(16,508)
Other Financing Sources	9,075
<i>Total Non-Operating Receipts (Disbursements)</i>	55,152
<i>Net Change in Fund Cash Balances</i>	454,470
<i>Fund Cash Balances, January 1</i>	1,959,060
<i>Fund Cash Balances, December 31</i>	\$ 2,413,530

See accompanying notes to the financial statements

Village of Put-in-Bay
Ottawa County
Statement of Additions, Deductions, and
Change in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund
For the Year Ended December 31, 2021

	<u>Custodial</u>
	<u>Other Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$ 27,470
Deductions	
Other Distributions	21,245
<i>Net Change in Fund Balance</i>	6,225
<i>Fund Cash Balance, January 1</i>	9,919
<i>Fund Cash Balance, December 31</i>	<u>\$ 16,144</u>
<i>See accompanying notes to the financial statements</i>	

Village of Put-in-Bay
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The Village of Put-in-Bay, Ottawa County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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, and police services.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types, a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all proprietary fund types, and a statement of additions, deductions, and change in fund balance (regulatory cash basis) for the fiduciary fund, which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned 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 The Street Construction Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Law Enforcement Foundation Fund The Law Enforcement Foundation Fund accounts for and reports donations that are used to fund law enforcement expenditures.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Special Assessment Debt-Bayview Avenue Fund The Special Assessment Debt-Bayview Avenue Fund receives special assessments to pay the debt accumulated for this project.

Village of Put-in-Bay
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Capital Projects 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 Projects Fund:

Bond Retirement Fund The Bond Retirement Fund is used to account for the bond anticipation note proceeds and rollovers to be used for the purchase of real estate.

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 The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund The Sewer Operating Fund accounts for the provision of wastewater treatment services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Village does not have any trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the activity of the mayor's court.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Budgetary Process

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

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

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.

Village of Put-in-Bay
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021 budgetary activity appears in Note 3.

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.

The Village's investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

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:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

Committed 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

Village of Put-in-Bay
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,670,795	\$1,880,071	\$209,276
Special Revenue	145,756	170,590	24,834
Capital Projects	896,313	906,973	10,660
Enterprise	1,177,533	1,682,751	505,218
Total	<u>\$3,890,397</u>	<u>\$4,640,385</u>	<u>\$749,988</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,236,644	\$2,060,707	\$175,937
Special Revenue	591,702	112,277	479,425
Debt Service	1,705	16,017	(14,312)
Capital Projects	973,874	963,723	10,151
Enterprise	2,343,074	1,231,071	1,112,003
Total	<u>\$6,146,999</u>	<u>\$4,383,795</u>	<u>\$1,763,204</u>

Note 4 - Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts that are not part of this pool. A summary of the Village's deposit and investment accounts are as follows:

Village of Put-in-Bay
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2021

	<u>2021</u>
<i>Cash Management Pool (the Pool):</i>	
Demand deposits	\$3,012,317
STAR Ohio	<u>498,907</u>
Total carrying amount of deposits and investments held in the Pool	<u><u>\$3,511,224</u></u>
 <i>Segregated Accounts - Not Held in the Pool:</i>	
Mayor's court accounts (Not Held in the Pool)	<u><u>\$16,144</u></u>

The Village has mayor's court accounts that are held outside of the deposit pool where monies are held in accordance with the mayor's court. The balance in the Village's mayor's court accounts represent unremitted monies and open bonds.

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the village is holding \$17,011 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 - Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Village of Put-in-Bay
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 - Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

The Village's full-time police officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Put-in-Bay
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 - Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority		
State Sewer Project Loan #2088	\$15,701	6.12%
Water Plan Renovation Loan #4312	33,878	4.00%
Ground Level Storage Project Loan #4735	675,535	1.50%
Phase I, Phase II WWTP Imp. Effluent Discharge Loan #5039	650,972	1.50%
Water Intake Improvements Loan #5897	590,039	1.50%
WTP & Intake Phase II Loan #6122	598,974	2.00%
WTP Ozone Improvements HAB Loan #8439	1,596,924	0.00%
Sybil Blvd. Low Pressure Sanitary Sewer Improvements Loan #8995	22,189	0.00%
WWP Open Air Dried Sludge Pad Loan #8997	10,924	0.00%
WTP Generator Improvements Loan #9259	118,809	0.00%
Ohio Public Works Commission		
Water Plant Loan #CU408	4,386	3.00%
Wastewater Treatment Plant Improvements Loan #CE55H	26,666	0.00%
South Bass Island Water System Improvements Loan #CU05K	15,344	0.00%
Waste Water Treatment Plant Effluent Storm Sewer Loan #CE26L	86,388	0.00%
Waste Water Treatment Plant Storm Sewer Loan #CE38K	136,809	0.00%
Water Treatment Raw Water Intake Replacement Loan #CE46O	227,500	0.00%
WTP Improvement Loan #CT14T	185,625	0.00%
 Municipal Dock Improvement Project Bonds, Series 2014	 3,391,377	 1.5 - 4%
 Bond Anticipation Note	 <u>885,000</u>	 1.25%
Total	<u><u>\$9,273,040</u></u>	

The Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) loans relate to various water and sewer projects. The Village will repay the loans in semiannual installments through the year 2042. Water and sewer receipts collateralize the loans. 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 loans #8439, #8995, #8997, and #9259 are still open and the projects are not yet complete. Amortization schedules are not yet available for these loans and are not included in the amortization information below.

Municipal Dock Improvement Project Bonds, Series 2014 were issued in 2014. The proceeds of the bonds were used to provide new money for dock improvements and redeem notes originally issued to finance the construction and improvements for the municipal dock. Revenues derived from the operation of the municipal dock are pledged for the repayment of the bonds. The Village will repay the bonds in semiannual installments through the year 2044.

Village of Put-in-Bay
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2021

A Bond Anticipation Note was issued in 2018. The proceeds of this note were used to acquire real estate in the Village. The Village repaid the note in 2021 and issued another Bond Anticipation Note, which matures in November, 2022.

Amortization

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

Year Ending December 31:	OWDA Loans	OPWC Loans	Municipal Dock Improvement Project Bonds
2022	\$250,736	\$51,056	\$227,875
2023	234,519	46,661	230,025
2024	233,962	46,634	232,025
2025	228,803	46,635	228,875
2026	223,330	46,635	229,675
2027-2031	1,082,841	203,800	1,153,375
2032-2036	521,686	129,075	1,159,375
2037-2041	151,872	101,450	1,147,150
2042-2044		10,833	633,177
Total	<u>\$2,927,749</u>	<u>\$682,779</u>	<u>\$5,241,552</u>

Note 10 - 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, principally the federal government. 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.

Note 11 - Related Party Transactions

The Fiscal Officer's father-in-law is owner of a company in which the Village conducted various construction business during the year. The Village paid \$24,156 for this business.

Note 12 - Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Village of Put-in-Bay
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2021

<u>Fund Balances</u>	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$4,341</u>	<u>\$9,974</u>	<u>\$14,315</u>

The fund balance of Special Revenue funds is either restricted or committed. The fund balance of Debt Service funds and Capital Projects funds are restricted, committed, or assigned. These restricted, committed and assigned amounts in the Special Revenue, Debt Service, and Capital Projects funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 13 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 14 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriations in the Special Assessment Debt-Bay Avenue Fund by \$14,312 at December 31, 2021.

Note 15 - Miscellaneous Receipts

General Fund and Special Revenue Fund Type miscellaneous receipts consisted primarily of proceeds from rentals, leases, donations, and workers compensation refunds.



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**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
435 Catawba Avenue
Put-in-Bay, Ohio 43456-0245

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021 and the related notes to the financial statements of the Village of Put-in-Bay, Ottawa County, Ohio (the Village) and have issued our report thereon dated October 26, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-002.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 26, 2022

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs A14 & A16.

The following errors were identified in the accompanying financial statements and notes to the financial statements for the year ended December 31, 2021:

- General Fund, Debt Service Fund Type, and Enterprise Fund Type appropriation authority were overstated in the amounts of \$259,582, \$43,290, and \$4,122,747, respectively, in order to bring the amounts reported in the Budgetary Activity note to the financial statements in line with authorized budget amounts;
- Special Revenue Fund Type and Enterprise Fund Type budgetary expenditures were overstated in the amounts of \$11,535 and \$3,315,554, respectively, in order to bring the amounts reported in the Budgetary Activity note to the financial statements in line with actual amounts;
- Debt Service Fund Type and Capital Projects Fund Type budgetary expenditures were understated in the amounts of \$8,156 and \$68,056, respectively, in order to bring the amounts reported in the Budgetary Activity note to the financial statements in line with actual amounts;
- Special Revenue Fund Type and Capital Projects Fund Type budgeted receipts were understated in the amounts of \$65,251 and \$886,313, respectively, in order to bring the amounts reported in the Budgetary Activity note to the financial statements in line with authorized budget amounts;
- General Fund and Debt Service Fund Type principal retirement disbursements in the amounts of \$176,489 and \$14,797, respectively, were improperly classified as interest and fiscal charges disbursements;
- Town Hall Improvement and Law Enforcement Capital Projects funds were improperly recorded in the Special Revenue Fund Type column of the financial statements. This error caused Special Revenue Fund Type fund cash balances, January 1, intergovernmental receipts, security of persons and property disbursements, and fund cash balances, December 31 to be overstated, and the same line items in Capital Projects Fund type to be understated, in the amounts of \$26,726, \$4,539, \$22,126, and \$9,139, respectively;
- Enterprise Fund Type principal retirement disbursements in the amount of \$113,935 were improperly classified as interest and fiscal charges (\$73,545) and capital outlay (\$40,390) disbursements;
- Enterprise Fund Type other debt proceeds receipts and capital outlay disbursements were each understated in the amount of \$94,029 as the Village did not report the Village's portion of Ohio Water Development Authority loans paid directly to vendors on behalf of the Village; and
- Custodial Fund Type fund cash balance, January 1 (\$9,919), fines, licenses and permits for distribution additions (\$27,470), other distributions deductions (\$21,245), and fund cash balance, December 31 (\$16,144) were omitted from the Village's annual financial report.

**FINDING NUMBER 2021-001
(CONTINUED)**

These errors were not identified and corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The failure to adequately monitor financial statements and notes to the financial statements could allow for misstatements to occur and go undetected. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional immaterial misstatements and ranging from \$1,312 to \$99,168 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate and to help identify and correct errors and omissions, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council. The Fiscal Officer can refer to the Village Officer's Handbook at the following website address for guidance on the recording of transactions:

[https://ohioauditor.gov/publications/docs/Village Officers Manual.pdf](https://ohioauditor.gov/publications/docs/Village%20Officers%20Manual.pdf)

The Fiscal Officer can also refer to Auditor of State Bulletin 2000-008 at the following website address for information on accounting for on-behalf-of loans:

<https://ohioauditor.gov/publications/bulletins/2000/2000-008.pdf>

Officials' Response:

The Village of Put-in-Bay identified, acknowledged, and will promptly correct the errors listed in the Schedule of Finding. The notes from the end of the fiscal year 2021 have been corrected with help from local and county auditors. The funds that were improperly recorded in special revenue funds were remapped in the UAN system as capital improvement funds. Future receipt of funds will be properly recorded in the correct fund classification. The fiscal officer will include Mayors Court; a custodial fund, in the Villages' annual financial report at the end of the year.

FINDING NUMBER 2021-002

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Special Assessment Debt-Bay Avenue Debt Service Fund had expenditures in excess of appropriations of \$14,312 as of December 31, 2021.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response:

The Village of Put-in-Bay identified, acknowledged, promptly corrected the error regarding the over appropriation on fund 3301; Special Assessment Debt- Bayview Ave. This was a clerical error involving both the Fiscal officer and the Ottawa County auditor. The funds have been immediately corrected once brought to the attention of both parties. No funds will be exceeding appropriations in the future.



Village of Put-in-Bay

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Village of Put-in-Bay Ordinance 1245-20 over dockage receipts, initially reported as Finding 2019-001.	Partially corrected and reissued as part of the management letter.	This matter was not fully corrected due deficiencies in the Village's internal controls over authorized rates. Improvements were noted, supporting a reduction to a management letter comment.
2020-002	Ohio Rev. Code §§ 135.18(A) and 135.182, for insufficient collateral on deposits, initially reported as Finding 2018-008.	Fully corrected.	
2020-003	Material weakness for errors in financial reporting initially reported as Finding 2013-001.	Not corrected and reissued as Finding 2021-001 in this report.	This matter is being repeated due to deficiencies in the Village's internal controls over financial reporting. The Village will promptly correct the errors. The notes have been corrected with the assistance of local and county auditors. The special revenue funds were remapped in UAN to capital projects fund type. Future receipts will be properly recorded. The mayor's court activity will be included in the 2022 filing.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF PUT-IN-BAY

OTTAWA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/10/2022

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This report is a matter of public record and is available online at
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