





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, 2022, 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, 2022, 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, 2022, or the changes in financial position 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 the 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.

***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 November 28, 2023, 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

November 28, 2023

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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, 2022*

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$1,408,127				\$1,408,127
Intergovernmental	73,454	\$129,983			203,437
Charges for Services	595,743				595,743
Fines, Licenses and Permits	71,978	116,359			188,337
Earnings on Investments	9,807	3,885			13,692
Miscellaneous	92,376	2,925		\$5,000	100,301
<i>Total Cash Receipts</i>	<u>2,251,485</u>	<u>253,152</u>		<u>5,000</u>	<u>2,509,637</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	852,984	24,688			877,672
Leisure Time Activities	335,888	1,000			336,888
Community Environment	14,203				14,203
Transportation	94,917	45,124			140,041
General Government	473,577	1,037			474,614
Capital Outlay				43,788	43,788
Debt Service:					
Principal Retirement	223,381		\$15,701	885,000	1,124,082
Interest and Fiscal Charges	156,430		630	3,779	160,839
<i>Total Cash Disbursements</i>	<u>2,151,380</u>	<u>71,849</u>	<u>16,331</u>	<u>932,567</u>	<u>3,172,127</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>100,105</u>	<u>181,303</u>	<u>(16,331)</u>	<u>(927,567)</u>	<u>(662,490)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes				888,779	888,779
Transfers In				34,920	34,920
Transfers Out	(34,920)				(34,920)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(34,920)</u>			<u>923,699</u>	<u>888,779</u>
<i>Net Change in Fund Cash Balances</i>	65,185	181,303	(16,331)	(3,868)	226,289
<i>Fund Cash Balances, January 1</i>	<u>370,390</u>	<u>605,795</u>	<u>21,923</u>	<u>99,586</u>	<u>1,097,694</u>
<i>Fund Cash Balances, December 31</i>	<u>\$435,575</u>	<u>\$787,098</u>	<u>\$5,592</u>	<u>\$95,718</u>	<u>\$1,323,983</u>

*See accompanying notes to the basic financial statements*

**Village of Put-in-Bay**  
*Ottawa County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2022*

	Proprietary Fund Types
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$1,399,800
<b>Operating Cash Disbursements</b>	
Personal Services	365,043
Employee Fringe Benefits	168,288
Contractual Services	224,455
Supplies and Materials	322,876
Other	10,689
<i>Total Operating Cash Disbursements</i>	1,091,351
<i>Operating Income</i>	308,449
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	81,525
Special Assessments	71,221
Miscellaneous Receipts	6,439
Capital Outlay	(209,714)
Principal Retirement	(211,645)
Interest and Other Fiscal Charges	(20,937)
Other Financing Sources	9,180
<i>Total Non-Operating Receipts (Disbursements)</i>	(273,931)
<i>Net Change in Fund Cash Balances</i>	34,518
<i>Fund Cash Balances, January 1</i>	2,413,530
<i>Fund Cash Balances, December 31</i>	\$2,448,048

*See accompanying notes to the basic financial statements*

**Village of Put-in-Bay**  
*Ottawa County*  
*Statement of Additions, Deductions*  
*and Changes in Fund Balance (Regulatory Cash Basis)*  
*Fiduciary Fund*  
*For the Year Ended December 31, 2022*

	Fiduciary Fund Type
	Other Custodial
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$42,114
<b>Deductions</b>	
Other Distributions	41,498
<i>Net Change in Fund Balance</i>	616
<i>Fund Cash Balance, January 1</i>	16,144
<i>Fund Cash Balance, December 31</i>	\$16,760

*See accompanying notes to the basic financial statements*

**Village of Put-in-Bay**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**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 Fund:

***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, 2022*

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**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, 2022*

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**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 2022 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, 2022*

**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, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,953,295	\$2,251,485	\$298,190
Special Revenue	93,450	253,152	159,702
Capital Projects	934,920	928,699	(6,221)
Enterprise	2,014,769	1,568,165	(446,604)
Total	<u>\$4,996,434</u>	<u>\$5,001,501</u>	<u>\$5,067</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,263,804	\$2,192,634	\$71,170
Special Revenue	605,234	71,849	533,385
Debt Service	21,923	16,331	5,592
Capital Projects	992,891	932,567	60,324
Enterprise	2,237,416	1,533,647	703,769
Total	<u>\$6,121,268</u>	<u>\$4,747,028</u>	<u>\$1,374,240</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, 2022*

	2022
<b><i>Cash Management Pool (the Pool):</i></b>	
Demand deposits	\$3,264,588
STAR Ohio	507,443
Total carrying amount of deposits and investments held in the Pool	\$3,772,031
 <b><i>Segregated Accounts - Not Held in the Pool:</i></b>	
Mayor's court accounts (Not Held in the Pool)	\$16,760

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, 2022, the village is holding \$9,417 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, 2022*

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**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, 2022.

***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, 2022.

**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 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. 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, 2022*

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 9 - Debt**

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
<b>Ohio Water Development Authority</b>		
Water Plan Renovation Loan #4312	\$24,673	4.00%
Ground Level Storage Project Loan #4735	636,514	1.50%
Phase I, Phase II WWTP Imp. Effluent Discharge Loan #5039	619,217	1.50%
Water Intake Improvements Loan #5897	533,051	1.50%
WTP & Intake Phase II Loan #6122	549,767	2.00%
WTP Ozone Improvements HAB Loan #8439	1,517,832	0.00%
Sybil Blvd. Low Pressure Sanitary Sewer Improvements Loan #9729	424,184	0.00%
WWP Open Air Dried Sludge Pad Loan #8997	9,760	0.00%
WTP Generator Improvements Loan #9259	113,660	0.00%
<b>Ohio Public Works Commission</b>		
Wastewater Treatment Plant Improvements Loan #CE55H	21,333	0.00%
South Bass Island Water System Improvements Loan #CU05K	13,539	0.00%
Waste Water Treatment Plant Effluent Storm Sewer Loan #CE26L	81,718	0.00%
Waste Water Treatment Plant Storm Sewer Loan #CE38K	123,128	0.00%
Water Treatment Raw Water Intake Replacement Loan #CE46O	216,667	0.00%
WTP Improvement Loan #CT14T	175,313	0.00%
Municipal Dock Improvement Project Bonds, Series 2014	3,296,377	1.5 - 4%
Bond Anticipation Note	885,000	1.25%
Total	\$9,241,733	

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 #9729 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.

**Village of Put-in-Bay**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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.

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 2022 and issued another Bond Anticipation Note, which matures in November 2023.

***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	Bond Anticipation Note
2023	\$319,314	\$46,635	\$230,025	\$896,062
2024	319,314	46,634	232,025	
2025	314,080	46,635	228,875	
2026	308,844	46,635	229,675	
2027	304,173	41,302	230,275	
2028-2032	1,418,088	188,312	1,153,375	
2033-2037	849,163	129,077	1,159,787	
2038-2042	335,775	86,468	1,147,063	
2043-2044			402,577	
Total	<u>\$4,168,751</u>	<u>\$631,698</u>	<u>\$5,013,677</u>	<u>\$896,062</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 \$9,883 for this business.

A Village Council Member is the owner of Put-in-Bay Gazette in which the Village conducted business with during the year. The Village paid \$2,011 for this business.

**Village of Put-in-Bay**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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A Village Council Member family owns the Miller Boat Line in which the Village conducted business with during the year. The Village paid \$10,119 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:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u><u>\$6,334</u></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 - Compliance**

Contrary to Ohio law, budgetary expenditures exceeded amount certified as available in the HAB Improvement Fund by \$218,238 at December 31, 2022.

**Note 14 – Subsequent Event**

The Village's Bond Anticipation Note rolled over on November 15, 2023 for \$910,000 with a maturity date of November 14, 2024.



**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 the 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 (*Government Auditing Standards*), 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, 2022 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 November 28, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

***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 purpose 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 2022-001 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 matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-002.

***Village's Responses 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***

The 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

November 28, 2024

VILLAGE OF PUT-IN-BAY  
OTTAWA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2022

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

FINDING NUMBER 2022-001

**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, 2022:

- General Fund appropriation authority in the Budgetary Activity note to the financial statements was overstated in the amount of \$232,422;
- Special Revenue Fund Type intergovernmental receipts in the amount of \$35,775 was improperly classified as miscellaneous receipts;
- Special Revenue Fund Type appropriation authority and budgetary expenditures in the Budgetary Activity note to the financial statements were overstated and understated in the amounts of \$51,963 and \$32,841, respectively;
- Debt Service appropriation authority and budgetary expenditures in the Budgetary Activity note to the financial statements were understated and overstated in the amounts of \$23,072 and \$8,470, respectively;
- Enterprise Fund appropriation authority and budgetary expenditures in the Budgetary Activity note to the financial statements were overstated in the amounts of \$4,228,405 and \$3,012,978, respectively; and
- Custodial Fund Type fund cash balance, January 1 (\$16,144), fines, licenses and permits for distribution additions (\$42,114), other distributions deductions (\$41,498), and fund cash balance December 31 (\$16,760), were omitted from the Village's annual financial report.

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. Failing to prepare accurate financial statements, including notes to the financial statements, could lead the Members of Council to make misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$316 to \$69,603, which we have brought to the Village's attention.

The Village should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Mayor, Fiscal Officer and Members of Council to help identify and correct errors and omissions.

**Officials' Response:**

The Village of Put-in-Bay identified, acknowledged, and will promptly correct the errors listed in the Schedule of Finding. The fiscal officer will work to correct the notes from the end of the fiscal year 2022 with help from local and county auditors. 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 2022-002**

#### **Noncompliance**

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2022 the Village's appropriations exceeded the amount certified as available by the budget commission in the HAB Improvement fund by \$218,238.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Village Council to reduce the appropriations.

#### **Officials' Response:**

The Village of Put-in-Bay identified, acknowledged, promptly corrected the error regarding the Village's appropriations exceeding the amount certified as available by the Budget Commission in the HAB fund by \$218,238.00. The fund is no longer active and updated fund balance was not implemented. No funds will be exceeding appropriations in the future.





# Village of Put-in-Bay

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 Phone: 419 285-4313 Fax: 419 285-2533 Email:  
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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Finding was first issued in the 2013 audit. Material weakness due to errors in financial reporting.	Not corrected and reissued as Finding 2022-001 in this report.	This matter is being repeated due to deficiencies in the Village's internal controls over financial reporting.
2021-002	Noncompliance with Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	Partially corrected and reissued in the management letter.	This matter is being repeated due to deficiencies in the Village's internal controls over the budgeting process.

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# 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 12/14/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)