



**Auditor of State
Betty Montgomery**

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2003.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2002.....	6
Notes to the Financial Statements.....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	17
Schedule of Prior Audit Findings	19

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Put-in-Bay, Ottawa County, (the Village) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments

We believe that our audits provide a reasonable basis for our opinion.

One Government Center / Room 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 9, the Village changed the fund type classification for a capital projects fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

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

Betty Montgomery
Auditor of State

October 28, 2004

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 455,895				\$ 455,895
Intergovernmental Receipts	69,437	\$ 130,282			199,719
Special Assessments			\$ 19,619		19,619
Charges for Services	530,453	2,200			532,653
Fines, Licenses, and Permits	77,476	2,972			80,448
Earnings on Investments	6,534	1,693			8,227
Miscellaneous	97,984	28,607			126,591
Total Cash Receipts	1,237,779	165,754	19,619		1,423,152
Cash Disbursements:					
Current:					
Security of Persons and Property	431,438	100,179			531,617
Public Health Services	3,694	882			4,576
Leisure Time Activities	287,082	34,820			321,902
Community Environment	600				600
Transportation	54,644	5,639			60,283
General Government	254,446	3,534	487		258,467
Debt Service	159,724		16,664		176,388
Capital Outlay	64,058				64,058
Total Cash Disbursements	1,255,686	145,054	17,151		1,417,891
Total Receipts Over/(Under) Disbursements	(17,907)	20,700	2,468		5,261
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(17,907)	20,700	2,468		5,261
Fund Cash Balances, January 1	458,857	234,131	4,999	\$ 6,629	704,616
Fund Cash Balances, December 31	\$ 440,950	\$ 254,831	\$ 7,467	\$ 6,629	\$ 709,877

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 488,466		\$ 488,466
Total Operating Cash Receipts	488,466		488,466
Operating Cash Disbursements:			
Personal Services	105,228		105,228
Fringe Benefits	42,145		42,145
Contractual Services	61,074		61,074
Supplies and Materials	174,891		174,891
Capital Outlay	432		432
Total Operating Cash Disbursements	383,770		383,770
Operating Income	104,696		104,696
Non-Operating Cash Receipts:			
Intergovernmental Receipts	11,295		11,295
Other Non-Operating Receipts		110,457	110,457
Total Non-Operating Cash Receipts	11,295	110,457	121,752
Non-Operating Cash Disbursements:			
Debt Service	44,642		44,642
Other Non-Operating Cash Disbursements		113,787	113,787
Total Non-Operating Cash Disbursements	44,642	113,787	158,429
Net Receipts Over/(Under) Disbursements	71,349	(3,330)	68,019
Fund Cash Balances, January 1	420,414	4,235	424,649
Fund Cash Balances, December 31	\$ 491,763	\$ 905	\$ 492,668

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 521,678				\$ 521,678
Intergovernmental Receipts	102,470	\$ 200,330		\$ 14,409	317,209
Special Assessments			\$ 17,154		17,154
Charges for Services	570,601	3,600			574,201
Fines, Licenses, and Permits	101,374	20,260			121,634
Earnings on Investments	9,627	1,616			11,243
Miscellaneous	191,855	19,238			211,093
Total Cash Receipts	1,497,605	245,044	17,154	14,409	1,774,212
Cash Disbursements:					
Current:					
Security of Persons and Property	459,674	167,734			627,408
Public Health Services	3,718	3,156			6,874
Leisure Time Activities	296,070	7,772			303,842
Community Environment	600				600
Transportation	41,067	239			41,306
General Government	272,540	3,716	202		276,458
Debt Service	219,314		16,664		235,978
Capital Outlay	123,075			7,780	130,855
Total Cash Disbursements	1,416,058	182,617	16,866	7,780	1,623,321
Total Receipts Over/(Under) Disbursements	81,547	62,427	288	6,629	150,891
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	81,547	62,427	288	6,629	150,891
Fund Cash Balances, January 1 - Restated	377,310	171,704	4,711		553,725
Fund Cash Balances, December 31	\$ 458,857	\$ 234,131	\$ 4,999	\$ 6,629	\$ 704,616

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 506,680		\$ 506,680
Miscellaneous	2,200		2,200
Total Operating Cash Receipts	<u>508,880</u>		<u>508,880</u>
Operating Cash Disbursements:			
Personal Services	105,545		105,545
Fringe Benefits	36,378		36,378
Contractual Services	61,317		61,317
Supplies and Materials	200,100		200,100
Capital Outlay	96,199		96,199
Total Operating Cash Disbursements	<u>499,539</u>		<u>499,539</u>
Operating Income	<u>9,341</u>		<u>9,341</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	90,908		90,908
Other Non-Operating Receipts	4,273	\$ 192,090	196,363
Total Non-Operating Cash Receipts	<u>95,181</u>	<u>192,090</u>	<u>287,271</u>
Non-Operating Cash Disbursements:			
Debt Service	50,861		50,861
Other Non-Operating Cash Disbursements		188,767	188,767
Total Non-Operating Cash Disbursements	<u>50,861</u>	<u>188,767</u>	<u>239,628</u>
Net Receipts Over Disbursements	53,661	3,323	56,984
Fund Cash Balances, January 1 - Restated	<u>366,753</u>	<u>912</u>	<u>367,665</u>
Fund Cash Balances, December 31	<u>\$ 420,414</u>	<u>\$ 4,235</u>	<u>\$ 424,649</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Put-in-Bay, Ottawa County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, and police services. Put-in-Bay Township provides fire protection services and emergency medical services to the Village.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

C.O.P.S. Grant Fund – This fund receives federal grant monies that are used for additional police protection.

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

3. Debt Service Funds

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

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

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following capital project fund:

Water System Capital Improvement Fund - This fund is used to account for resources to be used for capital improvements to the Village's water system.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

services will be recovered through user charges. The Village had the following significant Enterprise Funds:

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

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

6. Fiduciary Funds (Trust and Agency Funds)

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

3. Encumbrances

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2003	2002
Demand deposits	\$ 608,800	\$ 542,050
STAR Ohio	593,745	587,215
Total deposits and investments	<u>\$ 1,202,545</u>	<u>\$ 1,129,265</u>

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,351,879	\$ 1,237,779	\$ (114,100)
Special Revenue	240,260	165,754	(74,506)
Debt Service	17,000	19,619	2,619
Capital Projects	3,235		(3,235)
Enterprise	439,000	499,761	60,761
Total	\$ 2,051,374	\$ 1,922,913	\$ (128,461)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,815,009	\$ 1,255,686	\$ 559,323
Special Revenue	464,380	145,054	319,326
Debt Service	21,999	17,151	4,848
Capital Projects	9,864		9,864
Enterprise	855,141	428,412	426,729
Total	\$ 3,166,393	\$ 1,846,303	\$ 1,320,090

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,425,654	\$ 1,497,605	\$ 71,951
Special Revenue	278,000	245,044	(32,956)
Debt Service	18,000	17,154	(846)
Capital Projects	40,000	14,409	(25,591)
Enterprise	463,000	604,061	141,061
Total	\$2,224,654	\$2,378,273	\$153,619

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,802,963	\$ 1,416,058	\$ 386,905
Special Revenue	449,706	182,617	267,089
Debt Service	22,710	16,866	5,844
Capital Projects	40,000	7,780	32,220
Enterprise	829,755	550,400	279,355
Total	\$ 3,145,134	\$ 2,173,721	\$ 971,413

4. PROPERTY TAX

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RESORT TAX

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. For 2003 and 2002, members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

8. DEBT

Debt outstanding at December 31, 2003 was as follows:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

	Principal	Interest Rate
Ohio Public Works Commission		
Water Plant Loan	\$51,439	3.00%
Ohio Water Development Authority		
Sewer Loan	193,395	9.88%
Ohio Water Development Authority		
Water Loan	124,407	8.35%
Ohio Water Development Authority		
State Water Project Loan	235,078	6.87%
Ohio Water Development Authority		
State Sewer Project Loan	130,710	6.87%
Ohio Water Development Authority		
State Water Project Suppl. Loan	47,253	5.88%
Ohio Water Development Authority		
State Sewer Project Loan	184,201	6.12%
Ohio Public Works Commission Water		
Treatment Plant Loan	12,759	0%
Ohio Water Development Authority Water		
Treatment Plan Loan - 2170	393,065	5.77%
Total	\$ 1,372,307	

The Ohio Water Development Authority (OWDA) loans and Ohio Public Works Commission (OPWC) loans relate to water and sewer plant projects and plant expansion projects that were mandated by the Ohio Environmental Protection Agency. The loans will be paid in semiannual installments through the year 2022. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover debt service requirements. The Village Council has also elected to use a portion of the resort tax for the repayment of debt for capital improvements.

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

<u>Year ending December 31:</u>	<u>OWDA Loans</u>	<u>OPWC Loans</u>
2004	\$ 215,251	\$ 9,950
2005	215,251	9,950
2006	215,251	3,572
2007	215,250	3,572
2008	215,250	3,572
2009-2013	405,788	17,858
2014-2018	294,818	17,858
2019-2023	130,104	14,286
Total	<u>\$ 1,906,963</u>	<u>\$ 80,618</u>

9. FUND RECLASSIFICATION

As of January 1, 2002, the Village changed the fund type classification of a capital project fund. The Village had previously classified this as a capital project fund type even though it is a fund used to account for a portion of user charges to be used for sewer capital outlays. The Village has determined it is more appropriate to classify this fund as an enterprise type fund since its current primary source of revenue is through user charges. This change required that adjustments be made to the December 31, 2001, fund cash balances as previously reported to reflect the prior year's effect of adopting this change.

<u>Fund Changed</u>	<u>From Capital Projects</u>	<u>To Enterprise</u>
Sewer Capital Improvement Fund	\$ (229,441)	\$ 229,441
Previously Stated Fund Type Balances, December 31, 2001	<u>229,441</u>	<u>137,312</u>
Restated Fund Type Balances, January 1, 2002	<u>\$ -</u>	<u>\$ 366,753</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

10. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State
Betty Montgomery**

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Put-in-Bay, Ottawa County, (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 28, 2004, wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and as requested, operated UAN. We also noted that the Village changed the fund type classification for a capital projects fund. We conducted our audits 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the Village's management in a separate letter dated October 28, 2004.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Village's management in a separate letter dated October 28, 2004.

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



Betty Montgomery
Auditor of State

October 28, 2004

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-30162-001	Ohio Revised Code § 5705.41(D), failure to certify funds	Yes	
2001-30162-002	Ohio Revised Code § 5705.41(B), failure to keep disbursements within appropriations	Yes	



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF PUT-IN-BAY

OTTAWA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 18, 2004**