



Dave Yost • Auditor of State

VILLAGE OF PUT-IN-BAY
OTTAWA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Put-in-Bay, Ottawa County, Ohio (the Village) as of and for the year ended December 31, 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position or cash flows of the Village as of December 31, 2014, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Put-in-Bay, Ottawa County, Ohio as of December 31, 2014, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole. The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

September 22, 2015

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$1,079,391	\$2,678			\$1,082,069
Intergovernmental	66,544	52,564		\$2,246,070	2,365,178
Special Assessments			\$18,324		18,324
Charges for Services	581,800	500			582,300
Fines, Licenses and Permits	94,890	36,059			130,949
Earnings on Investments	18,714	1,259			19,973
Miscellaneous	77,224	10,318		5,075	92,617
<i>Total Cash Receipts</i>	<u>1,918,563</u>	<u>103,378</u>	<u>18,324</u>	<u>2,251,145</u>	<u>4,291,410</u>
Cash Disbursements					
Current:					
Security of Persons and Property	590,528				590,528
Public Health Services	7,099				7,099
Leisure Time Activities	242,112	9,575			251,687
Community Environment	8,245				8,245
Transportation	77,324	2,111			79,435
General Government	375,873		205		376,078
Capital Outlay	37,360			5,508,633	5,545,993
Debt Service:					
Principal Retirement	121,156		9,763	5,600,000	5,730,919
Interest and Fiscal Charges	158,518		6,900		165,418
<i>Total Cash Disbursements</i>	<u>1,618,215</u>	<u>11,686</u>	<u>16,868</u>	<u>11,108,633</u>	<u>12,755,402</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>300,348</u>	<u>91,692</u>	<u>1,456</u>	<u>(8,857,488)</u>	<u>(8,463,992)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds				4,055,000	4,055,000
Bond Premium				37,774	37,774
Bond Issuance Costs				(92,774)	(92,774)
Transfers In				5,000	5,000
Transfers Out	(5,000)				(5,000)
Advances In	9,220				9,220
Advances Out		(9,220)			(9,220)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>4,220</u>	<u>(9,220)</u>		<u>4,005,000</u>	<u>4,000,000</u>
<i>Net Change in Fund Cash Balances</i>	304,568	82,472	1,456	(4,852,488)	(4,463,992)
<i>Fund Cash Balances, January 1</i>	<u>1,094,813</u>	<u>309,488</u>	<u>22,013</u>	<u>5,102,136</u>	<u>6,528,450</u>
Fund Cash Balances, December 31					
Restricted		363,293	23,469	248,692	635,454
Committed		28,667		956	29,623
Assigned	196,950				196,950
Unassigned	1,202,431				1,202,431
<i>Fund Cash Balances, December 31</i>	<u>\$1,399,381</u>	<u>\$391,960</u>	<u>\$23,469</u>	<u>\$249,648</u>	<u>\$2,064,458</u>

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

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$1,043,656		\$1,043,656
Miscellaneous	426		426
<i>Total Operating Cash Receipts</i>	<u>1,044,082</u>		<u>1,044,082</u>
Operating Cash Disbursements			
Personal Services	323,824		323,824
Employee Fringe Benefits	128,723		128,723
Contractual Services	158,132		158,132
Supplies and Materials	220,931		220,931
Other	19,095		19,095
<i>Total Operating Cash Disbursements</i>	<u>850,705</u>		<u>850,705</u>
<i>Operating Income</i>	<u>193,377</u>		<u>193,377</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	46,235		46,235
Miscellaneous Receipts	8,130		8,130
Capital Outlay	(123,841)		(123,841)
Principal Retirement	(83,400)		(83,400)
Interest and Other Fiscal Charges	(27,556)		(27,556)
Other Financing Sources	7,740	\$110,337	118,077
Other Financing Uses		(108,801)	(108,801)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(172,692)</u>	<u>1,536</u>	<u>(171,156)</u>
<i>Income before Transfers</i>	20,685	1,536	22,221
Transfers In	5,000		5,000
Transfers Out	(5,000)		(5,000)
<i>Net Change in Fund Cash Balances</i>	20,685	1,536	22,221
<i>Fund Cash Balances, January 1</i>	<u>1,216,383</u>	<u>2,290</u>	<u>1,218,673</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,237,068</u></u>	<u><u>\$3,826</u></u>	<u><u>\$1,240,894</u></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, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Put-in-Bay, Ottawa County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, transportation, water and sewer utilities, public health services, park operations (leisure time activities), and police services (security of persons and property). The Village contracts with Put-in-Bay Township to receive fire protection and emergency medical services.

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

B. Accounting Basis

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

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Put-in-Bay Arts Council – The Put-in-Bay Arts Council is a group formed to offer art enrichment programs and events to the community. The fund receives donations that are used for funding and supplies of programs and events.

3. Debt Service Fund

This fund accounts 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 Bay View Avenue Fund – This fund receives special assessments to pay the debt accumulated for this project.

4. Capital Project Funds

These funds account for 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 Project Fund:

Dock Project Fund – This fund is used to account for the bond proceeds to be used for capital improvements of the Village's Docks.

5. Enterprise Funds

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

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

6. Fiduciary Funds (Agency Funds)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the activity of the Mayor's Court.

E. Budgetary Process

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

VILLAGE OF PUT-IN-BAY
OTTAWA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2014 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. 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.

3. 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.

4. Assigned

VILLAGE OF PUT-IN-BAY
OTTAWA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. 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.

G. Property, Plant, and Equipment

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

H. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2014
Demand deposits	<u>\$2,839,069</u>
STAR Ohio	466,283
Total deposits and investments	<u><u>\$3,305,352</u></u>

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2014 follows:

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,914,767	\$1,927,783	\$13,016
Special Revenue	103,310	103,378	68
Debt Service	18,324	18,324	
Capital Projects	6,256,220	6,348,919	92,699
Enterprise	1,110,761	1,111,187	426
Total	<u>\$9,403,382</u>	<u>\$9,509,591</u>	<u>\$106,209</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,754,255	\$1,625,169	\$129,086
Special Revenue	405,640	20,906	384,734
Debt Service	37,268	16,868	20,400
Capital Projects	11,282,442	11,201,407	81,035
Enterprise	1,326,770	1,091,871	234,899
Total	<u>\$14,806,375</u>	<u>\$13,956,221</u>	<u>\$850,154</u>

4. PROPERTY TAX

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

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 income tax of 1.5 percent on income arising from business activities conducted within the Village. Businesses submit the tax to the Ohio Department of Taxation. The Ohio Department of Taxation remits the tax to the Village's General Fund monthly.

6. DEBT

Debt outstanding at December 31, 2014 was as follows:

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Agency		
State Sewer Project Loan #2087	\$107,956	6.87%
State Sewer Project Loan #2088	102,986	6.12%
State Water Project Loan #3029	60,028	6.87%
State Water Project Supplement Loan #3030	20,874	5.88%
Water Plan Renovation Loan #4312	89,047	4.00%
Ground Level Storage Project Loan #4735	932,946	1.50%
Phase I, Phase II WWTP Imp. And Effluent Discharge Loan #5039	860,455	1.50%
Water Intake Improvements Loan #5897	965,315	2.00%
WTP & Intake Phase II Loan #6122	904,670	2.00%
Ohio Public Works Commission		
Water Plant Loan #CU408	25,236	3.00%
Wastewater Treatment Plant Improvements Loan #CE55H	61,331	0.00%
South Bass Island Water System Improvements Loan #CU05K	27,077	0.00%
Waste Water Treatment Plant Effluent Storm Sewer Loan #CE26L	116,741	0.00%
Waste Water Treatment Plant Improvements Loan #CE38K	225,736	0.00%
Water Treatment Raw Water Intake Replacement Loan #CE46O	297,917	0.00%
Municipal Dock Improvement Project Bonds, Series 2014	<u>4,055,000</u>	1-4%
Total	<u><u>\$8,853,315</u></u>	

The Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) loans relate to a water and sewer plant projects, plant expansions, a ground level storage tank, effluent discharge, and effluent storm sewer projects the Environmental Protection Agency ordered. The Village will repay the loans in semiannual installments through the year 2042. Water and sewer receipts collateralize the loan. 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.

Municipal Dock Improvement Project Bonds, Series 2014 was issued in 2014. The proceeds of the bonds will be 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.

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, 2014
(Continued)**

Year ending December 31:	<u>OWDA Loans</u>	<u>OPWC Loans</u>	Municipal Dock Improvement Project Bonds
2015	\$118,441	\$39,894	\$230,800
2016	118,441	39,894	228,400
2017	118,441	39,894	232,125
2018	118,441	39,894	230,775
2019	118,441	39,894	229,425
2020-2024	368,527	192,325	1,153,275
2025-2029	250,275	162,944	1,150,375
2030-2034	245,040	98,036	1,150,375
2035-2039	122,520	77,515	1,152,500
2040-2044		27,083	1,151,200
Total	<u>\$1,578,567</u>	<u>\$757,373</u>	<u>\$6,909,250</u>

Water Intake Improvements Loan #5897 and WTP and Intake Phase II Loan #6122 have not been completed and no amortization schedules are available at this time. Accordingly, the schedule above does not reflect future debt service payments for these loans. As of December 31, 2014 the Village had borrowed \$965,315 and \$904,670, respectively.

7. RETIREMENT SYSTEMS

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 1, 2014 through June 30, 2014, OP&F participants contributed 10.75% of their wages. For July 1, 2014 through December 31, 2014, OP&F participants contributed 11.5% of their wages. For 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

8. INTERFUND RECEIVABLES/PAYABLES

The Village reports advances-in and advances-out for interfund loan activity. The accompanying financial statements do not report these items as assets or liabilities. Repayment is expected to be made in a reasonable period of time.

In 2014 advances in/out consisted of a repayment of funds received during 2013 in lieu of the receipt of grant monies from the Natureworks Community Beach Fund to the General Fund in the amount of \$9,220.

9. RISK MANAGEMENT

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property, crime, professional, umbrella, and general liability;
- Vehicles; and
- Marina operators and marine patrol.

10. MISCELLANEOUS REVENUES

Miscellaneous revenues in the Special Revenue fund type consist primarily of donations.

11. CONTINGENT LIABILITIES

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that an unfavorable outcome may result in a liability ranging from \$50,000 to greater than \$500,000.

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.

VILLAGE OF PUT-IN-BAY
OTTAWA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
United States Department of the Interior <i>Passed Through Ohio Department of Natural Resources</i> Sportfishing and Boating Safety Act	F11AP00491/Mod 0001	15.622	\$1,895,706

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

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
P.O. Box 245
Put-in-Bay, Ohio 43456-0245

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Put-in-Bay, Ottawa County, Ohio (the Village) as of and for the year ended December 31, 2014, and the related notes to the financial statements and have issued our report thereon dated September 22, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

September 22, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Village Council:

Report on Compliance for the Major Federal Program

We have audited the Village of Put-in-Bay, Ottawa County, Ohio's (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Village's major federal program.

Management's Responsibility

The Village's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village of Put-in-Bay, Ottawa County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

September 22, 2015

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	GAAP - Adverse Regulatory - Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Sportfishing and Boating Safety Act – CFDA #15.622
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2014-001

Material Weakness – Financial Reporting

We identified the following errors requiring adjustment to the financial statements or notes to the financial statements for the year ended December 31, 2014:

- Permissive motor vehicle license tax receipts in the amount of \$2,678 were improperly classified as intergovernmental receipts in the Special Revenue Fund;

- Bond issuance costs in the amount of \$92,774, bond proceed receipts in the amount of \$55,000, and bond premium receipts in the amount of \$37,774 were not recorded in the Capital Projects fund type;
- Appropriations for the Capital Projects fund type were increased \$92,774 to properly reflect monies deemed appropriated that were not recorded in the Village's accounting system;
- Bond Proceeds in the amount of \$4,000,000 were improperly classified as intergovernmental receipts;
- Principal payments in the amount of \$5,600,000 were improperly classified as capital outlay disbursements in the Capital Projects fund type;
- Dock Project fund opening balance in the amount of \$1,773, expenses in the amount of \$1,773, and budgetary appropriations in the amount of \$1,773 were reclassified from Special Revenue fund type to Capital Projects fund type in accordance with fund type definitions included within GASB Statement No. 54; and
- Law Enforcement Capital fund opening and closing balances in the amount of \$7,869 were reclassified from Special Revenue fund type to Capital Projects fund type in accordance with fund type definitions included within GASB Statement No. 54.

The accompanying financial statements and, where applicable accounting records, have been adjusted to reflect the necessary changes.

These errors were not identified and corrected prior to the Village preparing their financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer, to identify and correct errors and omissions. Also, the Fiscal Officer can refer to the Village Officer's Handbook at the following web site address for guidance on the recording of transactions: <http://www.ohioauditor.gov/publications/15OhioVillageOfficersHandbook.pdf>.

Official's Response:

Fiscal Officer will review to ensure amounts are properly classified in the Village's accounting records.

3. FINDINGS FOR FEDERAL AWARDS

None

VILLAGE OF PUT-IN-BAY
OTTAWA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Material recommendation to improve monitoring of financial activity.	No	Not corrected. Reissued as finding number 2014-001 in this report.

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Dave Yost • Auditor of State

VILLAGE OF PUT-IN-BAY

OTTAWA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 30, 2015