

New Issue

Rating: Moody's: A2
(See "Rating" herein)

In the opinion of Peck, Shaffer & Williams, A division of Dinsmore & Shohl LLP, Bond Counsel, under existing law, (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal income taxation, (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (iii) the Bonds, the transfer thereof, and the income therefrom, including any profit made on the sale thereof, are exempt from taxation within the State of Ohio, all subject to the qualifications described herein under the heading "TAX STATUS."

The Bonds are designated "qualified tax-exempt obligations" with respect to investments by certain financial institutions under Section 265 of the Code.

OFFICIAL STATEMENT
of the
VILLAGE OF PUT-IN-BAY, OHIO
\$4,240,000*
MUNICIPAL DOCK IMPROVEMENT PROJECT BONDS, SERIES 2014
(GENERAL OBLIGATION – LIMITED TAX)

Dated: Date of Issuance

Due: December 1, as stated below

The Municipal Dock Improvement Project Bonds, Series 2014 (the "Bonds") are issuable as current interest bonds and are dated the date of their issuance. Interest on the Bonds will be payable on June 1 and December 1 of each year commencing June 1, 2015. The Bonds are issuable as fully registered Bonds, under a book entry system and will be registered initially in the name of The Depository Trust Company ("DTC") or its nominee, CEDE & Co. There will be no distribution of Bonds to the ultimate purchasers of book entry interests in the Bonds. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. For further information regarding the book entry system and transfer of book entry interests by such ultimate purchasers, see "The Bonds - Book Entry System" herein. Principal of and premium, if any, on the Bonds will be payable at the office of U.S. Bank National Association, Cleveland, Ohio, as paying agent, transfer agent and registrar (the "Paying Agent and Registrar"). Interest on the Bonds is payable by draft or check to be mailed by the Paying Agent and Registrar to the record date registered owner as shown in the registration records maintained by the Paying Agent and Registrar. Notwithstanding the foregoing, so long as DTC, its nominee or another depository is the holder of any Bond, principal, redemption premium, interest and compound accreted amount payments, as applicable, will be payable to DTC or such depository in immediately available funds, or equivalent next day funds, or as otherwise provided in the applicable agreement with such depository. The record dates for June 1 and December 1 interest payment dates shall be the fifteenth day preceding such interest payment date (the "Record Dates"). The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof. The Bonds mature on December 1 of each year, as shown below:

SERIAL BONDS

Year	Principal Amount Maturing*	Interest Rate Per Annum	Reoffering Price	Year	Principal Amount Maturing*	Interest Rate Per Annum	Reoffering Price
2015	\$50,000			2020	\$ 95,000		
2016	80,000			2021	95,000		
2017	85,000			2022	100,000		
2018	85,000			2023	105,000		
2019	90,000			2024	110,000		

TERM BONDS

Year	Principal Amount Maturing*	Interest Rate Per Annum	Reoffering Price	Year	Principal Amount Maturing*	Interest Rate Per Annum	Reoffering Price
2026	\$230,000			2034	\$ 315,000		
2028	245,000			2039	900,000		
2030	265,000			2044	1,100,000		
2032	290,000						

Certain Bonds are subject to optional and mandatory redemption prior to maturity, in whole or in part, all as described herein.

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 a municipal dock, together with all necessary appurtenances thereto.

Fifth Third Securities, the Underwriter, will use its best efforts to satisfy the requirements of The Depository Trust Company ("DTC") for the Bonds to be eligible for DTC Services.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds are subject to the approving legal opinion of Peck, Shaffer & Williams, A division of Dinsmore & Shohl LLP, Columbus, Ohio, Bond Counsel, and certain other conditions. It is expected that the Bonds in definitive form will be available for delivery on or about September 24, 2014.



* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment in a final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the bonds offered hereby, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the bonds (the "Bonds") of the Village of Put-in-Bay, Ohio (the "Village") identified on the cover hereof. No dealer, broker, salesman or other person has been authorized by the Village to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Village. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Village since the date hereof.

Upon issuance, the Bonds will not be registered by the Village under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency except the Village will have, at the request of the Village, passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the Village from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Village. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the Village preliminary to sale of the Bonds should be regarded as part of the Village's contract with the successful bidder or the holders from time to time of the Bonds.

Certain information contained in this Official Statement is attributed to the Ohio Municipal Advisory Council (OMAC). OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

References herein to provisions of Ohio law, whether codified in the Ohio Revised Code (the "Revised Code") or uncodified, or to the provisions of the Ohio Constitution or the Village's Charter or ordinances, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, "debt service" means principal of, interest and any premium on, the obligations referred to; "Village" means the Village of Put-in-Bay, Ohio; and "State" or "Ohio" means the State of Ohio.

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INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance by the Issuer of the Municipal Dock Improvement Project Bonds identified on the cover page hereof (the "Bonds").

The introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The Issuer

The Bonds are being issued by the Village of Put-in-Bay, a political subdivision of the State of Ohio. The Village covers approximately 3.0 square miles and is located in northern Ohio on Lake Erie's South Bass Island. It is located approximately 130 miles north of Ohio's capital city, Columbus, and approximately 90 miles west of Cleveland (see "GENERAL INFORMATION CONCERNING THE VILLAGE" herein).

Sources of Payment for the Bonds

The Bonds are unvoted general obligations of the Village. The basic security for the Bonds is the Village's ability to levy an ad valorem tax on all real and personal property in the Village subject to ad valorem taxation by the Village, within the ten-mill limitation imposed by Ohio law (See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," herein).

The Village expects the docking fees to generate enough revenue to make the payments on the Bonds. See "The Village Docks" herein.

Purpose of the Bonds

The Village issued Municipal Dock Revenue Bond Anticipation Notes on November 1, 2013 in the amount of \$5,600,000 that mature on October 31, 2014. The proceeds from the notes were used to finance construction and improvements to the Village docks. A portion of the proceeds of the Bonds (\$3,370,000) will be used to redeem the notes at maturity. The remaining balance of the notes due at maturity will be paid from a Federal grant received by the Village.

A portion of the proceeds of the Bonds (\$870,000) will be used to make additional improvements to the Village docks.

Authorization of Bond Issue

The Bonds are to be issued pursuant to the general laws of the State of Ohio, particularly Chapter 133 of the Ohio Revised Code (the "Uniform Public Securities Law"), and an ordinance authorizing the issue passed by the Village Council on July 14, 2014 (the "Authorizing Legislation").

Sources and Uses of Funds

The proceeds of the Bonds will be applied as follows:

Sources:

Par Amount of Bonds
Net Premium
Total

Uses:

Deposit to Project Fund
Bond Retirement Fund (Note Account)
Costs of Issuance (includes Underwriter's Discount)
Total

The Bonds - General Terms

The Bonds will be issued in fully registered form under a book entry only method with The Depository Trust Company, New York, New York ("DTC") as a securities depository. The Bonds are dated and bear interest at the rates and mature in the amounts and on the dates set forth on the cover page of this Official Statement. Principal of and premium, if any, on the Bonds is payable upon presentation and surrender by the registered owners thereof at the principal office of U.S. Bank National Association, Cleveland, Ohio, as paying agent, registrar and transfer agent for the Bonds (the "Paying Agent and Registrar"). Semiannual interest on the Bonds is payable each June 1 and December 1, commencing June 1, 2015, by transmittal by the Paying Agent and Registrar to the registered owner as shown in the registration records maintained by the Paying Agent and Registrar as Bond registrar on the 15th day preceding such interest payment date; provided that, so long as the Bonds remain in book entry form with DTC, the Paying Agent and Registrar will make payment for such Bonds by wire transfer of funds on each interest payment date.

Registration, Payment and Transfer - Book Entry Method

Owners of book entry interests in the Bonds will not receive or have the right to receive physical delivery of the Bonds and will not be or be considered to be, and will not have any rights as, registered owners ("Holders") of Bonds under the Authorizing Legislation (as defined herein).

The following information on the Book Entry Only System applicable to the Bonds has been supplied by The Depository Trust Company, New York, New York, and neither the Village or Bond Counsel make any representations, warranties or guarantees with respect to its accuracy or completeness.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Bonds"). The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond for each maturity will be issued in the aggregate principal amount of the Bonds, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants

of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Disclaimer by Village and Underwriter

The Village does not have any responsibility or liability for any aspect of the records relating to, or payments made on account of book entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The Village and the Underwriter cannot and do not give any assurances that DTC, DTC Participants or others will distribute to the Beneficial Owners (i) payments of Bond Service Charges on the Bonds paid or (ii) redemption or other notices sent to DTC as the Holder or that they will do so on a timely basis, or that DTC or DTC Participants will serve and act in the manner described in this Official Statement. The Village has been advised by DTC that the current "Rules" applicable to DTC and its Participants are on file with the Securities and Exchange Commission and that the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

Revision of Book Entry Only Transfer System; Replacement of Bonds

The Authorizing Legislation (as defined herein), which authorizes the issuance of the Bonds, provides for issuance of fully registered replacement Bonds (“Replacement Bonds”) directly to persons other than DTC or its nominee only in the event that DTC determines not to continue to act as securities depository for the Bonds or the Village determines that continuation of the book entry only system with DTC is not in the best interests of the Village or the best interests of the Beneficial Owners.

Upon a discontinuance of the book entry only system with DTC, the Village may in its discretion attempt to have established a securities depository/book entry only relationship with another qualified securities depository. If the Village is unable to do so, or desires not to do so, and after the Paying Agent has made provisions for notification of the Beneficial Owners of the Bonds by appropriate notice to DTC, the Village and the Paying Agent shall authenticate and deliver Replacement Bonds in the denomination of \$5,000 any integral multiple thereof to or at the direction of, and, if the event is not the result of Village action or inaction, at the expense (including printing costs), of DTC’s assigns.

Principal of, premium, if any, and interest on Replacement Bonds will be payable when due without deduction for the services of the Paying Agent. Principal of any Replacement Bonds will be payable to the registered owner thereof upon presentation and surrender thereof at the principal corporate trust office of the Paying Agent. Interest thereon will be payable by the Paying Agent by check, draft or wire transfer, mailed to the registered owner of record on the registration books maintained by the Paying Agent (the “Register”) as of the 15th day of the calendar month preceding the Interest Payment Date.

Replacement Bonds will be exchangeable for Replacement Bonds of authorized denominations, and transferable, at the designated office of the Registrar, without charge (except taxes or other governmental fees). Exchange or transfer of then redeemable Replacement Bonds is not required to be made (i) between the 15th day preceding the mailing of notice of Replacement Bonds to be redeemed and the date of that mailing, (ii) during the period from the day following the Regular Record Date through the day preceding the ensuing Interest Payment Date, or (iii) of a particular Replacement Bond selected for redemption (in whole or in part) until redemption.

THE BONDS

The Bonds are issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds bear interest at the rates and mature in the amounts and on the dates set forth on the cover page of this Official Statement. Annual principal, and any premium, on all Bonds are payable upon presentation and surrender by the registered owner thereof at the office of U.S. Bank National Association, Cleveland, Ohio, as paying agent, transfer agent and registrar (the “Paying Agent and Registrar”). Semiannual interest on the Bonds is payable each June 1 and December 1, commencing June 1, 2015, by check or draft to be mailed by the Paying Agent and Registrar to the registered owner as shown in the registration records maintained by the Paying Agent and Registrar as bond registrar on the 15th day preceding such interest payment date.

Redemption of the Bonds

Mandatory Redemption

The Bonds due December 1, ____ are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, ____ and thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
--------------------------	--

The remaining \$ _____ principal amount of the Bonds due December 1, _____ is to be paid at stated maturity.

The Bonds due December 1, ____ are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, ____ and thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
--------------------------	--

The remaining \$ _____ principal amount of the Bonds due December 1, _____ is to be paid at stated maturity.

Optional Redemption

The Bonds maturing on December 1, 2022 and thereafter will be subject to optional redemption, in whole or in part, at the option of the Village, in integral multiples of \$5,000 and by lot within a maturity, on any date commencing December 1, 2021 at the redemption price equal to the par amount thereof, plus accrued interest.

Redemption Procedure

If fewer than all of the outstanding Bonds of a single maturity are called for redemption, the selection of Bonds to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiple thereof, will be made by lot by the Paying Agent and Registrar in any manner which the Paying Agent and Registrar may determine. In the case of a partial redemption of Bonds when Bonds of denominations greater than \$5,000 are then outstanding, each \$5,000 unit of face value of principal thereof will be treated as though it were a separate Bond of the denomination of \$5,000. If one or more, but not all, of such \$5,000 units of face value represented by a Bond are to be called for redemption, then upon notice of redemption of a \$5,000 unit or units, the registered holder of that Bond will surrender the Bond to the Paying Agent and Registrar (a) for payment of the redemption price for the \$5,000 unit or units of face

value called for redemption (including without limitation, the interest accrued to the date fixed for redemption), and (b) for issuance, without charge to the registered holder thereof, of a new Bond or Bonds of the same series, of any authorized denomination or denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

The notice of call for redemption of Bonds will identify (i) by designation, letters, numbers or other distinguishing marks, the Bonds or portions thereof to be redeemed, (ii) the redemption price to be paid, (iii) the date fixed for redemption, and (iv) the place or places where the amounts due upon redemption are payable. The notice will be given by the Paying Agent and Registrar on behalf of the Village by mailing a copy of the redemption notice by first class mail, at least 30 days prior to the date fixed for redemption, to the registered holder of each Bond subject to redemption in whole or in part at such registered holder's address shown on the Bond registration records on the fifteenth day preceding that mailing. Failure to receive notice by mailing or any defect in that notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of any Bond. Notice having been mailed in the manner provided above, the Bonds and portions thereof called for redemption will become due and payable on the redemption date and on such redemption date, interest on such Bonds or portions thereof so called shall cease to accrue; and upon presentation and surrender of such Bonds or portions thereof at the place or places specified in that notice, such Bonds or portions thereof will be paid at the redemption price, including interest accrued to the redemption date.

So long as the Bonds are in book entry form, any notice of redemption will be sent by registered mail, certified mail or overnight delivery service, in each case with return receipt requested. Any failure of the DTC (or any successor securities depository) to notify any participant of DTC, or of any such participant to notify the book entry interest owner (under the book entry system) of any such notice, will not affect the validity of the respective redemption of the Bonds. If less than all the Bonds of a single maturity are to be redeemed, the selection of the Bonds or portions thereof in amount of \$5,000 or in an integral multiple thereof, will, so long as the Bonds remain in book entry form, be made by DTC (or any successor securities depository) and the participants of DTC through a lottery process, and otherwise will be made at random by the Paying Agent and Registrar in such manner as the Paying Agent and Registrar in its discretion may determine.

Tax Status

In the opinion of Bond Counsel, based upon present laws, regulations, rulings and decisions in effect on the date of delivery of the Bonds, and assuming continuing compliance with certain covenants made by the Village, interest on the Bonds is excludible from gross income for federal income tax purposes upon the conditions and subject to the limitations set forth herein under "TAX STATUS." Interest on the Bonds held by corporations is includable in the computation of such corporations' adjusted current earnings and modified alternative minimum taxable income. Receipt of interest on the Bonds may result in other federal income tax consequences to certain holders of the Bonds.

See APPENDIX D hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the Bonds.

Bond Counsel and Delivery of Bonds

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the approving legal opinion of Peck, Shaffer & Williams, A division of Dinsmore & Shohl LLP, Columbus, Ohio, Bond Counsel. The Bonds are offered when, as and if issued by the Village. The Bonds will be delivered on or about September 24, 2014.

Disclosure Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and any continuing disclosure documents of the Village are intended to be made available through one or more repositories.

The Village has deemed this Preliminary Official Statement to be final for the purposes of and except for certain omissions allowed by Securities and Exchange Commission Rule 15c2-12(b)(1).

CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule") the Village (the "Obligated Person") will agree pursuant to a Continuing Disclosure Certificate dated as of the date of delivery of the Bonds, to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Asset System ("EMMA") as the designated nationally recognized municipal securities information repository certain annual financial information, including financial statements, generally consistent with the information contained under the heading "Financial Reports and Examination of Accounts" ("annual financial information"); such information shall be provided on or before August 15 of each year for the fiscal year ending on the preceding December 31, commencing August 15, 2015.
- (ii) to EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults, if material;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions or events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders, if material;
 - (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
 - (i) Defeasances;
 - (j) Release, substitution or sale of property securing repayment of the securities, if material;
 - (k) Rating changes;
 - (l) Failure to file continuing disclosure by deadline;

- (m) Bankruptcy, insolvency, receivership or similar event of the obligated person;
 - (n) The consummation of a merger, consolidation, or acquisition involving an obligated person, or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (o) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (iii) to EMMA, notice of a failure (of which the Obligated Person or Disclosure Agent has knowledge) of an Obligated Person to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

The Continuing Disclosure Certificate provides bondholders with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Continuing Disclosure Certificate does not constitute a default under the Bond Legislation. The Continuing Disclosure Certificate may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Continuing Disclosure Certificate copies of which are available at the office of the Issuer, should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds; and
- (b) there is no property securing the repayment of the Bonds.

Continuing Disclosure Compliance

Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission, requires continuing disclosure with respect to new offerings of municipal securities of \$1,000,000 or more. The Village currently has no obligation outstanding subject to the Rule and therefore currently has no continuing disclosure obligations.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds will be unvoted general obligations of the Village. The basic security for the unvoted general obligation debt of the Village, including the Bonds, is the Village's ability to levy, and its pledge to levy, an ad valorem tax on all the taxable property in the Village within the ten-mill limitation imposed by the Ohio Constitution and laws, for the Village and overlapping political subdivisions (described in detail under "Security For and Sources of Payment of General Obligation Debt - Unvoted Debt"), in sufficient amount to pay, as the same become due, the debt service on the Bonds as well as the debt service on all other outstanding unvoted general obligation bonds and bond anticipation bonds of the Village and the overlapping subdivisions (see "INVESTMENT CONSIDERATIONS" herein). State law requires that the levy for debt service has priority over any levy for current expenses within such ten-mill limitation, subject however, to the applicable provisions of the Federal Bankruptcy Code and other laws affecting creditors' rights. The Village will be required by Ohio law to levy and collect such limited ad valorem tax to pay debt service on the Bonds as the same becomes due unless such debt service is paid from other sources.

The Authorizing Legislation provides further security by making a pledge of the full faith and credit of the Village for the payment of the debt service on the Bonds as it becomes due. Included in that pledge are all funds of the Village, except those specifically limited to another use or prohibited from use for that debt service by the Ohio Constitution, or Ohio or federal law, or revenue bond trust agreements; such exceptions include tax levies voted for specific purposes, special assessments pledged to bonds or bonds, and certain utility revenues. A similar pledge is made in each Village ordinance authorizing voted and unvoted general obligation debt.

Subject to the provisions of the Federal Bankruptcy Code and other laws affecting creditors' rights, debt service on the Bonds is expected to be paid from unencumbered available revenues of the Village. Unless paid from other sources, such principal, premium and interest are payable from such limited ad valorem tax. (see "INVESTMENT CONSIDERATIONS" herein).

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a State's political subdivisions, public agencies and instrumentalities (each an "eligible entity"), such as the Village. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in a material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and bonds.

Section 133.36 of the Ohio Revised Code permits a political subdivision, such as the Village, for the purpose of enabling such subdivision to take advantage of the provisions of the Federal Bankruptcy Code, and for that purpose only, and upon approval of the State Tax Commissioner, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. The taxing authority of such subdivision may, upon like approval of the State Tax Commissioner, refund its outstanding securities, whether matured or unmatured, and exchange Bonds for the securities being refunded. In its order approving such refunding, the State Tax Commissioner shall fix the maturities of the Bonds to be issued, which shall not exceed thirty years. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

The Federal Bankruptcy Code and Section 133.36 of the Ohio Revised Code also permit the County to initiate Chapter 9 proceedings, which, because the County collects certain revenues on behalf of the Village (particularly, ad valorem property taxes), may adversely affect the financial condition of the Village. (See "FINANCIAL MATTERS" herein.)

INVESTMENT CONSIDERATIONS

The Bonds, like all obligations of state and local government, are subject to changes in value due to changes in the condition of the market for tax-exempt obligations or changes in the financial position of the Village.

It is possible under certain market conditions, or if the financial condition of the Village should change, that the market price of the Bonds could be adversely affected.

In recent years, the IRS has increased the frequency and scope of its examination and other enforcement activities regarding tax-exempt bonds. Currently, the primary penalty available to the IRS under the Code is the determination that interest on tax-exempt bonds is subject to federal income taxation. In addition, although the IRS has only infrequently taxed the interest received by holders of bonds that were represented to be tax-exempt, the IRS has examined a number of bond issues and concluded that such bond issues did not comply with applicable provisions of the Code and related regulations. No assurance can be given that the IRS will not examine the Underwriter, a Bondholder, the Village or the Bonds. If the Bonds are examined, it may have an adverse impact on their price and marketability. Based on the stated use of proceeds from the sale of the Bonds as described herein, and on representations, warranties and covenants of the Village, Bond Counsel will deliver its opinion as to the tax-exemption of interest on the Bonds in the form set forth in APPENDIX E hereto.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters with respect to the Bonds or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

GENERAL INFORMATION CONCERNING THE VILLAGE OF PUT-IN-BAY

Introduction

The Bonds are being issued by the Village of Put-in-Bay (the "Village"), a political subdivision of the State of Ohio. The Village covers approximately 3.0 square miles and is located on South Bass Island on Lake Erie in northern Ohio. It was incorporated as a village in 1877 and is 14 miles north of the county seat, Port Clinton. It is located approximately 130 miles north of Ohio's capital city, Columbus, and approximately 90 miles west of Cleveland.

The Village is one of Lake Erie's most popular resort areas and is a vacation destination to over 750,000 tourists each year.

Land use in the Village is as follows:

<u>Usage</u>	<u>% of Total Land Usage</u>
Residential	38.26%
Commercial/Industrial	61.40
Agricultural	0.33
TOTAL	<u>100.00</u>

Source: Ohio Municipal Advisory Council

Location

Located on South Bass Island, the Village is accessible by two ferry boat companies, seasonally; an airboat ferry service during the winter and the Put-in-Bay Airport, year round. Visitors access the Village by car via State Routes 53 and 2 to the Jet-Express or car ferry, Miller Boat Line. The Airport is open for arrivals and departures from dawn to dusk.

Public and private docks are available to rent for visitors who arrive by boat. See "The Village Docks" below.

Although cars can be transported to the Village, the principal method of transportation is golf carts, which are licensed as motor vehicles on South Bass Island, and driven on public roadways like cars. The Village currently has recorded approximately 745 golf carts available for rent. Bicycles and mopeds are also available to rent. Motorized taxis offer transportation around the Village and other various destinations.

Utilities

Telephone Company:	Frontier
Electric Company:	Ohio Edison
Gas Company:	Ferrell Gas and OE Meyer
Water & Sewer:	Village of Put-in-Bay
Cable Service:	Dish Network and Direct TV

Essential Services

Police Services

The Put-in-Bay Police Department is located in close proximity to the historical downtown district. The police department includes a dispatch department, which dispatches for the various emergency services of Put-in-Bay, including the Put-in-Bay Police, Fire and EMS. The police department is comprised of three divisions: the Marine Patrol Unit, the Bike Patrol Unit, and the Juvenile Unit.

The Marine Patrol Unit is responsible for working with other Emergency Medical Personnel to transport the necessary Emergency Medical Service Paramedics to and from emergency calls on the various islands of Put-in-Bay Township. Put-in-Bay Township is the largest township in the state of Ohio, and most of it is water. The Marine Patrol Unit also responds to various emergency calls not only to vessels in distress, but also to emergencies on the various islands of Put-in-Bay Township. The Marine Patrol Unit is also in communication with the Department of Homeland Security and forwards suspicious activity for further investigation. The waters of Put-in-Bay Township border Canadian waters, which is only a few miles north of North Bass Island. The Marine Patrol Unit also provides safety checks on vessels.

The Bike Patrol Unit assists in its versatility to respond to calls quickly, but to give the benefits of foot patrol. The Bike Patrol Unit operates in congested areas where a quick response is most likely to be required.

The Juvenile Unit is responsible for the education of the children and teenagers of the community on Safe Routes To School. The goal of the Juvenile Unit is to educate children on the proper road safety requirements for biking to school.

The police department has 29 sworn officers, including seasonal auxiliary officers, one full time dispatcher, one part time dispatcher and one clerk. The department responds to approximately 2000 calls for service a year. The department has five marked patrol vehicles and two marked golf cart patrol vehicles, affording adequate protection to the citizens of Put-in-Bay. It is responsible for protecting approximately 169 square miles and 9 islands. Due to its full service status, the police department provides 24-hour protection to the citizens of the Village. However, in an unusually demanding situation, the department can call upon the Ottawa County Sheriff's Office for assistance.

Fire Services

The Village is served by the Put-in-Bay Township Volunteer Fire Department, which is made up of 24 volunteer members that include the Chief, one Assistant Chief, two Captains. The department responded to 32 calls in 2013. The department has two new fire trucks, a pumper truck and a tanker truck. These trucks are equipped with SCBA (Self Contained Breathing Apparatus) packs, hoses and nozzles. In recent years, the department acquired a thermal imaging camera (for finding heat signatures of fires or victims), a modern ice rescue sled, and replaced outdated turnout gear for its members.

The Village is also served by the Middle Bass Island Volunteer Fire Department that was established in July 2006. Formerly known as the Middle Bass Fire Brigade, the all-volunteer department today has 17 members. The Middle Bass Island Volunteer Fire Department officers include two joint chiefs, a fiscal officer, a safety officer, a training officer, and a Business Administrator. The Fire Station is located on the Middle Bass Island Airport and is shared by the Put-in-Bay Township EMS Services. The Middle Bass Island Volunteer Fire Department supplies smoke alarms to all residences on the island free of charge. In 2009, the Middle Bass Island Volunteer Fire Department improved its fire rating by ISO from a class 10 to a class 9 department. The Middle Bass Island Volunteer Fire Department responds to approximately seven fire and EMS runs per year.

EMS

Put-in-Bay Township Emergency Medical Services (the “EMS”) was established in 1977. The EMS and Put-in-Bay Township are partnered with St. Vincent Mercy Medical Center of Toledo to provide a fulltime Paramedic on South Bass Island year-round and to provide support and training for the EMS’ 11 volunteers. Additional part-time staff are hired during the summer to cover the large increase in call volume. The Township and St. Vincent Mercy Medical Center provide four ambulances (three on South Bass Island and one on Middle Bass Island); all ambulances are fully equipped with modern Advanced Life Support equipment and medications. A walk-in clinic is located on South Bass Island and Middle Bass Island for the treatment of patients. The EMS covers approximately 169 square miles and 9 islands. Calls to other islands and water rescues are handled in conjunction with the Put-in-Bay Village Harbor Patrol and Put-in-Bay Township Volunteer Fire Department. Put-in-Bay Township EMS averages 400 EMS calls per year of which about 20% of the patients are transported by St. Vincent Mercy Medical Center Lifeflight.

Water and Wastewater Services

The Village’s Water and Wastewater Services are both owned and maintained by the Village and consist of: Water Treatment, Water Distribution, Water Meter, Water Storage, Billing/Receipts, Wastewater Treatment, Environmental Laboratory, a Stormwater Utility, and Sewer Collection Systems. The Water and Wastewater Services increase significantly during the business months, due to Put-in-Bay being a tourist destination. The Water Treatment Plant has a capacity of 864,000 gallons per day (“GD”), with present average pumpage of 250,000 GD, or 12 million gallons per month. There are nine miles (9) of main water lines that service approximately 310 accounts. The Water Treatment plant has a Ground Level Storage Tank and an Elevated Tank that store approximately 700,000 GD. This equates to a two day supply in reserves at all times. The water supply is a full service filtration from surface water from Lake Erie. The Wastewater Treatment Plant has a treatment capacity of 500,000 gallons per day (“GD”) with surge capacity to 2 MGD, with a present average treatment of 250,000 GD MGD. The sewer collection system consists of 1 mile of gravity sewer, 18 manholes, and 12 lift stations with both combined and separated sewers serving approximately 289 accounts. The Village’s sewer system services a population of approximately 15,000 during the business months.

Service Department Services

The Service Department works in conjunction with the Utilities Department, which consists of two buildings that include offices, garages and storage. The Department is also responsible for an 2+ acre tract of land in the Township that contains waste compost.

The Department is also responsible for snow removal, mowing, maintenance of right-of-ways and leaf pickup. In addition, the department is responsible for the maintenance and minor repairs of the Village’s Town Hall, Docks, Bath House, Sewer Building, and Water Building. The Department maintains a fleet of approximately 6 vehicles and other pieces of equipment.

Building and Zoning Services

The Building and Zoning Department enforces the zoning codes, residential and commercial building codes. The Department reviews and approves construction plans and inspects the actual construction.

The Parks and Recreation Services

Put-in-Bay is home to numerous neighborhood parks, a national park, Perry's Monument and International Peace Memorial, state parks and nature preserves. Put-in-Bay has a downtown park, DeRivera Park, which is divided into two areas. The first area is managed by the DeRivera Park Trust and the second is managed by the Village of Put-in-Bay. In 2011, the Village began its project to revitalize its playground equipment. The Village was a recipient of a grant match project, where the Village installed two playgrounds to meet the needs of children ages 1-12. Funds were donated by the Will Blumensaadt Foundation, and the park was named the Will Blumensaadt Community Playground. The Village's downtown park is also home to the bath house, which provides restroom facilities to the public and also hot showers for the boaters and public for a nominal fee. The Village manages a small public beach, the islands only sandy beach, which is located next to Perry's International Peace Memorial, and allows swimming at your own risk. The Village has a public boating ramp next to "C" dock that allows boaters and ice fisherman access to the lake year round.

The Village Docks

The information relating to the Village and the docks contained below has been furnished by the Village. No representation is made herein as to the absence of material adverse changes in such information subsequent to the date hereof.

The boating community is offered several choices of marinas, both public and private. The Village has three main docks in the downtown area, "A", "B", and "C". When boating to the Village, many docks are on a first-come first-served basis. The Village maintains two large boat docks in the downtown area, known as "A" and "C". "B" dock, is privately managed by the DeRivera Park Trust. Privately-owned boat docks are also available to boaters in the downtown areas. Boaters of the Village docks have access to water, electricity, wireless high speed internet, and the Village's large bathhouse.

A Dock

The A Dock is the western-most dock of the public docks and is owned by the Village. All funds generated from the docks are used to maintain the parks or put back into the docks itself. The only sources of income for the maintenance come from revenues generated by A Dock, C Dock, contracted agreements and resort tax. The Village has an on-going agreement with DeRivera Park, where they contribute one-third of the net expenses for the joint use of the bath house facilities minus revenues generated from the income of the showers. DeRivera Park also pays a rental fee of \$5,000 per year for the use of office space at the bath house and pays \$5,000 per year towards capital improvements of the bath house. All revenues pay for employee payroll, improvements, utilities, and dock improvements and repair. The last A dock improvement was constructed in the 1950's and 1960's. The current A Dock was a necessity to replace and repair due to the patchwork of repairs and various safety hazards. The current A Dock allows for rafting of two boats deep, opposed to the previous four. The A Dock has updated electrical, lighting, fire suppression and water systems. Between A Dock and C Dock, the new docks will provide 72 additional docking slips.

C Dock

The C Dock is the eastern-most dock of the public docks and is also owned by the Village. All funds generated from the docks are used to maintain the parks or put back into the docks itself. The only sources of income for the maintenance come from revenues generated by A Dock, C Dock, contracted agreements and resort tax. The Village has an on-going agreement with DeRivera Park, where they contribute one-third of the net expenses for the joint use of the bath house facilities minus revenues generated from the income of the showers. DeRivera Park also pays a rental fee of \$5,000 per year for the use of office space at the bath house and pays \$5,000 per year towards capital improvements of the bath house. All revenues pay for employee payroll, improvements, utilities, and dock improvements and repair. C Dock was a part metal structure and before an upgrade, the Village was not able to provide water or electricity to about 50% of the boaters. The current C Dock was a necessity to refurbish and modify with new electrical, lighting, fire suppression and water systems. Modifications to both A and C Docks have improved the safety of the docks surface and now allows ADA accessibility to both existing and new dock sections. C Dock will be adding two new finger docks to add to the convenience of dock side docking. Between A Dock and C Dock, the new docks will provide 72 additional docking slips.

Docking Rates

<u>Season</u>	<u>Daily (per foot)*</u>	<u>Overnight (per foot)**</u>
Summer	\$0.80	\$1.75
Off-Season Weekend (Sun. – Thurs.)	0.80	1.75
Off-Season Weekday	0.80	1.00

**Ends at 6 p.m.*

***Daily dock fees can be applied to overnight fees; check-out is at 11 a.m.*

Annual Dock Fees Collected

Dock fees collected by the Village in the prior years have been as follows:

<u>Year</u>	<u>Fee Collected</u>
2009	\$251,012
2010	272,614
2011	241,661
2012	226,596
2013	256,488

Schools

The Village is serviced by the Put-in-Bay Local School System with an approximate enrollment of 74 students.

Ottawa County has no technical colleges or universities in the County but has the following located within easy driving distance of not more than 30 miles: Bowling Green State University in Bowling Green and Firelands Branch at Huron; University of Toledo; Terra Community College in Fremont; and Owens Community College in Perrysburg; EHOVE Vocational School in Sandusky; Vanguard Vocational School in Fremont; and Penta County Vocational School in Rossford.

Personal Income, Home Values and Housing

According to the U.S. Census Bureau's 2008-2012 American Community Survey 5-Year Estimates, the per capita income (in 2012 dollars) for the County was \$28,607, compared to \$25,857 for the State and \$28,051 for the United States. The median value of owner-occupied homes in the County was \$141,600 compared to \$133,700 for the State and \$181,400 for the United States.

Overlapping Governmental Entities

The major political subdivisions overlapping all or a portion of the territory of the Village, the approximate percentages of the assessed valuation, and the amount of net debt associated with such subdivisions located within the Village are:

<u>Subdivision</u>	<u>% of Assessed Valuation Within City</u>	<u>Net Debt</u>
Ottawa County	2.38	\$115,478
Put-in-Bay Township	26.64	-0-
Put-in-Bay Local School District	33.96	-0-

Source: Ohio Municipal Advisory Council

Population

Population statistics for the Village and the County are as follows:

<u>Year</u>	<u>Village</u>		<u>County</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
1980	146	--	40,076	--
1990	141	(3.42)%	40,029	(0.12)%
2000	128	(9.22)	40,985	2.39
2010	138	6.98	41,428	1.08
2011*	138	0.00	41,435	0.02
2012*	138	0.00	41,355	(0.19)
2013*	N/A	0.00	41,153	(0.49)

*Estimated; as of July 1

Source: U. S. Census Bureau

Economic Activity and Employment

The Village has been an ideal stopping point for boaters ever since Native Americans “put in at the bay” during their many journeys across Lake Erie. Since 1864 the island has been a tourist destination and hundreds of thousands of visitors have enjoyed the small town quality and quaintness of this island resort community every year.

More than 750,000 visitors visit the downtown area each season. The Village offers a wide variety of activities: a narrated island tour, charter fishing, nine holes of golf, a visit to a 6,000 square-foot historical museum, a helicopter tour, biplane rides, a tour of an historic island press house, a visit to the Butterfly House, boating, sailing, swimming, a Nature Trail, 18 holes of miniature golf, gem mining, an antique car museum, para-sailing, cave tours, go-kart racing, two wineries, beautiful vineyards, excellent dining, RC car racing, the Perry Memorial's Visitors Center, a visit to the Nature Museum, kayaking, jet skiing, fishing, and a visit to the aquatic resource center.

The Village also offers an eclectic mix of shops, each independently owned and filled with unique items. During the afternoon and evening a wide selection of musical entertainment is available. The Village also offers more than 55 lodging options.

The Village offers various special events hosted by island organizations and businesses. The Village inaugurates each summer season with the kick-off Queen Victoria Day celebration and concludes the season with Halloween at the Bay. From Christmas in July to Oktoberfest, Historical Weekend to the Island Wine Festival and everything in between, visitors will find a range of events.

County-wide, tourism has a significant impact on the economy as millions visit Ottawa County each year to enjoy the abundance of family fun and outdoor recreation destinations. One of the County's greatest assets is Lake Erie and the boating and fishing opportunities it provides. There are 146 licensed marinas in the County and 15,240 registered docks. During the spring, summer and fall months, the county population is estimated to increase to as many as 250,000 people on any given day. Visitors to the County have many lodging options from which to choose. There are nine chain hotel properties representing 538 rooms, 32 private hotels/motels representing 1,422 rooms, 30 Bed and Breakfasts representing 164 rooms, plus several hundred additional rooms available through cottages, cabins, condos, and rental houses. In addition there are nearly 2,000 campsites in the County.

The ten largest non-governmental employers within the County are:

<u>Name of Employer:</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
1. Davis Besse Nuclear Power Station	Producer of Electricity	700
2. Materion Brush Inc.	Supplier of Engineered Materials	635
3. H.B. Magruder Hospital	Healthcare Facility	373
4. United States Gypsum Company	Manufacturer of Gypsum-Based Building Products	225
5. Fenner Dunlop	Manufacturer of Rubber Conveyor Belting	155
6. Guardian Industries	Automotive Glass Manufacturer	145
7. Northern Manufacturing	Stainless Steel Fabricating and Custom Molds	126
8. ADfilm/ACPO	Over Laminates Tapes for Labels	80
9. Graymont Dolime Incorporated	Manufacturer of Lime	65
10. Signature Label	Screen Prints and Applies Pressure Sensitive Labels	65

Source: Ottawa County Improvement Corporation 2014 (<http://www.ocic.biz/>)

Unemployment Statistics

The following table lists the unemployment rates for Ottawa County, the State of Ohio and the United States for the past year. The figures are expressed in percentages and represent the ratio of the total unemployed to the total labor force.

<u>Year</u>	<u>United States**</u>	<u>State of Ohio**</u>	<u>County</u>
2010	9.6%	10.0%	13.5%
2011	8.9	8.7	11.9
2012	8.1	7.4	10.0
2013	7.4	7.4	10.0
2014*	5.9	5.3	7.4

The chart below provides employment data for the County.

<u>Year</u>	<u>Total Labor Force</u>	<u>Total Employment</u>	<u>Unemployment</u>
2010	21,500	18,600	2,900
2011	21,100	18,600	2,500
2012	20,800	18,700	2,100
2013	20,900	18,800	2,100
2014*	20,400	18,900	1,500

* As of April

**Not seasonally adjusted

Source: Ohio Department of Job and Family Services

Building Permits

The degree of building activity within the Village is evidenced by the following data relating to the issuance of building permits by the Village for the years indicated:

<u>Year</u>	<u>Number of Building Permits</u>	<u>Valuation</u>
2009	10	\$119,910
2010	20	114,220
2011	10	121,800
2012	12	121,650
2013	10	121,800

Source: Village Financial Officer

Organization of the Village

The Village filed for incorporation on August 9, 1876 and it was filed with the government entities on April 10, 1877. The Village operates under the Ohio Statutory form of government. The form of government provided in the Ohio Revised Code is known as the "Mayor-Council Plan." All elections are non-partisan. The Mayor and Council are elected for overlapping terms every four years. The legislative body of the Village of Put-in-Bay consists of a six member Council, Village Council elects a President Pro-Tempore at the first meeting of the calendar year. In the event that the office of the Mayor shall become vacant, the President of Council shall become Mayor and serve for the unexpired term of the Mayor. Village Council appoints the Fiscal Officer/Clerk of Council. The Village Law Director is appointed.

The current elected officials and the principal appointed officials of the Village are:

<u>Elected Officials</u>	<u>Incumbent</u>	<u>Term Expires</u>
Mayor	Margaret "Ruth" Scarpelli	12/31/2015
Fiscal Officer	Joy R. Cooper	Appointed
Village Administrator	Doug Knauer	Appointed
Legal Council	George C. Wilber	Appointed
Chief of Police	Rick Lampela	Appointed
Zoning Inspector	Scott Sneller	Appointed

Members of Council

<u>Elected Officials</u>	<u>Incumbent</u>	<u>Term Expires</u>
Member	Terry Bodenbender	12/31/2017
Member	Kelly Faris	12/31/2015
Member	Jeff Koehler	12/31/2017
Member	Lee Krendl	12/31/2017
Member	Jacob Market	12/31/2017
President Pro-Tempore	Melinda McCann Myers	12/31/2015

Appointed Officials

Fiscal Officer/Clerk of Courts Joy R. Cooper

The principal boards and commissions of the Village, and the membership of each, are:

<u>Board or Commission</u>	<u>Membership</u>
A. Planning Commission	Five members: Mayor, Village Council member and three citizens of the Village to be appointed by the Mayor for terms of six years and confirmed by majority vote of Council.
B. Records Commission	Mayor, Village Financial Officer and Director of Law and a resident appointed by the Mayor. The commission shall appoint a secretary, who may or may not be a member of the Commission.
C. Tree Commission	Three individuals who serve terms of three years and the Members of the Commission are approved by the Council of the Village of Put-in-Bay. One member is approved every year.

Village Financial Office

The Fiscal Officer is responsible for the functions of tax collection, financial control, data processing, risk management, payroll and public information. This department provides essential support services to all departments and divisions of the Village, as well as several direct services to residents and businesses.

Various duties are performed on the behalf of the Village and the Fiscal Officer is responsible for all areas of financial administration, including revenue recording, investments, debt service management, expenditure tracking, financial records, budgeting, financial reporting, utility billing and payroll/personnel administration.

In addition, the Fiscal Officer works with the County Auditor to ensure that all taxes levied and assessments made are collected. The Village also works with the County Auditor and is responsible for the collection and administration of the Village's 1.5% lodging excise tax, which became effective January 1, 2014.

The Village Fiscal Officer coordinates with the Ohio Department of Taxation on the collection of the Village's 1.5% Resort Area Gross Receipts Excise Tax (RAGRET). Coordinating efforts have ensured the streamlining and collection of back taxes due to the Village.

Pension Plans

The employees of the Village are covered by either the Public Employees' Retirement System of Ohio or the Police and Firemen's Disability and Pension Fund. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the Village's financial statements.

On September 12, 2012, the General Assembly passed SB 343 and SB 340 modifying PERS and PFDPF respectively. The Governor signed both bills on September 26, 2012. Each bill became effective January 7, 2013.

The above mentioned bills changed multiple aspects of Ohio Public Employees' Retirement System (OPERS) and PFDPF in ways expected to enhance their ability to amortize their unfunded actuarial accrued liabilities within thirty years. Some of the changes made include: (1) minimum age and service requirements with respect to certain employees and (2) a change in disability benefits with respect to certain employees.

The below mentioned funds are created and operated pursuant to Ohio law. The General Assembly could determine to amend the format of the funds and could revise rates or methods of contributions to be made by the City into pension funds and revise benefits or benefit levels.

Ohio Public Employees' Retirement System (OPERS) - The Village contributes to the Public Employees Retirement System of Ohio (OPERS), a cost-sharing multiple employer public employee retirement system administered by the Ohio Public Employees Retirement Board. OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215 or calling (614) 466-2085 or 1-800-222-PERS (7377). For the year ended December 31, 2013, the payroll paid to employees covered by OPERS was \$188,489 and P&FDPF was \$50,382.51, while total payroll paid was \$920,246.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members, other than those engaged in law enforcement, are required to contribute 10% of their annual covered salary. In January 2001, House Bill 416 divided the OPERS law enforcement program into two separate divisions with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. All other members of the OPERS law enforcement program were placed in a newly named public safety division and continued to contribute at 10%. The employer contribution rate for pension benefits for 2011-2013 was 14%, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contribution was 17.87% of covered payroll. The Village's required contributions to OPERS for the years ending December 31, 2013, 2012, and 2011 were \$113,220, \$88,697, and \$88,867, respectively; 100% has been contributed for 2013, 100% for 2012 and 2011. Of the 2013 amount, \$5,191 was unpaid at December 31, 2013.

The Village of Put-in-Bay contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information. This report may be obtained by writing to Ohio Police & Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% in 2011-2012 and 10.75% beginning July 14th 2013, of their annual covered salary, while the Village is required to contribute 19.5% and 24.0%, respectively, for police officers and firefighters. The Village's contributions to OP&F for the years ending December 31, 2013, 2012, and 2011 were \$28,227, \$31,674, and \$32,480, respectively; 100% has been contributed for 2013, 100% for 2012 and 2011. Of the 2013 amount, \$837 was unpaid at December 31, 2013.

Deferred Compensation Plan

Village of Put-in-Bay employees and elected officials may participate in the Ohio Public Employees Deferred Compensation Program, effective in 2014, and a program administered by the Aetna Life Insurance Company, both created in accordance with Internal Revenue Service Code Section 457. Participation is on a voluntary payroll deduction basis.

The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death or in the case of an unforeseeable emergency.

Under both deferral compensation programs, all plan assets are now being held in a trust arrangement for the exclusive benefit of participants and their beneficiaries as required by the Small Business Job Protection Act of 1996. Under this Act, all existing deferred compensation plans were required to establish such a trust arrangement by January 1, 1999. As a result, the assets of these plans are no longer reflected in the combined financial statements of the Village.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Village (without being restricted to the provision of benefits under the plan), subject only to the claims of the Village's general creditors. Participants' rights under the plan are equal to those of general creditors of the Village in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Village's legal counsel that the Village has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Village believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Accrued Fringe Benefits

The Village participates in the Workers' Compensation Program provided by the State of Ohio. In 2013, the Village belonged to a pool with other Ohio cities for workers' compensation group rating.

The Village offers health, dental and vision programs for all full-time employees. Currently, the Village offers an 80/20 plan with a low deductible. The Village covers 100% of the employee's healthcare premium. Children and Spouses will be covered by the Village up to 90% of the applicable healthcare premium, and the employee shall contribute the other 10%, which is deducted from the employee's paycheck each pay period. Employees are also entitled to dental and vision at the employee's cost. Dental and Vision premiums will be deducted from the employee's paycheck each pay period. Additionally, each fund is responsible for paying its respective portion of administrative costs.

The Village shall purchase and maintain a term life insurance policy on every regular full-time employee and elected official in the amount of \$10,000. An elected official shall be entitled to receive said insurance policy only until the time that he/she attains the age at which such life insurance is not longer proved to regular full-time employees of the Village.

Compensated Absences

Upon an approved retirement from OPERS (Ohio Public Employees Retire System) and/or OPF&PF (Ohio Police Fire & Pension Fund), regular full-time employees with ten or more years of service with the Village may elect to be paid in cash for one-fourth (1/4) of the value of the employee's accrued, but unused sick leave credit to a maximum of forty-five (45) of sick leave credit, such payment is based on the employee's current rate of pay at the time of retirement. Vacation time is vested for these employees after one year of credited service.

All regular full-time employees shall accrue vacation leave after continuous regular full-time employment. Employees shall accrue ten (10) days per year after the first year of full-time employment, fifteen (15) days after the fifth year of continuous employment, twenty (20) days after the tenth year of continuous employment, and twenty-five (25) days per year after the twentieth year of continuous employment. All vacation days shall be used by the employee within one year of the accrual of such vacation days. An employee who has completed more than one (1) year of continuous service with the Village and who thereafter leaves the service of the Village is entitled to receive as compensation, at the employee's rate of pay, all accrued, but unused vacation days.

Regular full-time employees shall be allowed five (5) floating holidays per year. If hired within the calendar year, the number of holidays granted is prorated. Hire date of January 1-May 31, employee is granted 5 days; Hire date of June 1-July 31, employee is granted 4 days; Hire date of August 1-September 30, employee is granted 3 days; Hire date of October 1-November 20, employee is granted 2 days; Hire date of December 1-December 31, employee is granted 1 day. Unused floating holidays cannot be carried over to the next calendar year.

Employees may elect to be compensated for overtime worked in lieu of compensatory time off or accrue compensatory time in lieu of compensation for overtime worked.

Employee Relations

The Village has 12 full-time and 30 part-time employees.

The Village does not have any labor agreements and considers its labor relations with its employees to be good.

FINANCIAL MATTERS

Introduction

The Village's fiscal year corresponds with the calendar year.

The responsibilities for the major financial functions of the Village are divided between the Village Fiscal Officer, and Village Council.

The Fiscal Officer, an appointed official, is the chief fiscal officer of the Village. The Fiscal Officer keeps the financial records of the Village, exhibiting accurate statements of all moneys received and expended, of all property owned by the Village, and of all taxes and assessments. The Fiscal Officer is custodian of all public money of the Village, is responsible for the safekeeping of all bonds and notes of the Village, and the receipt and delivery of its bonds and notes for transfer, registration, or exchange.

The administrative functions of the Village are performed by or under the supervision of the following:

1. Overall planning and development - Village Council.
2. Assessment of real and personal property - Ottawa County Auditor.
3. Financial control functions – Village Fiscal Officer.
4. Public utility property assessment - State of Ohio.

Budgeting, Tax Levy and Appropriations Procedures

Detailed provisions for Village budgeting, tax levies and appropriations are established in the Ohio Revised Code.

In general, the budgetary process begins five months or more before the start of the fiscal year for which the budget is to be adopted, and involves review by Village Council and County officials.

The County Budget Commission certifies the results of its review of the Village before October 1 of each year. The Village Council approves the tax levies as determined by the County Budget Commission and certifies them to the appropriate County officials, who bill and collect the ad valorem property taxes as approved. Real property taxes are payable in two installments, the first usually in February and the second in July.

The Fiscal Officer and Village Council are responsible for the preparation and review of the Village's budget. The budget is prepared by the Fiscal Officer based upon prior years' activity, certified tax levies determined by the County Budget Commission, and estimates of future financial activity. On or before January 1 of each year, the Village administration prepares, and the Village Council adopts, a budget for the succeeding fiscal year. The budget must show estimated receipts and expenditures and indicate the amount of ad valorem property taxes, both inside and outside the ten-mill limitation, as hereinafter described, that must be levied in such fiscal year.

Once the Village Council has approved the budget, the Fiscal Officer files the approved budget with the County Auditor for final approval. In addition, to the procedure discussed above, Ohio law provides for amendments to the amounts certified by the County Budget Commission, and for supplemental appropriation measures by the Village Council to reflect changes in the amounts of estimated receipts and expenditures of the Village as the fiscal year progresses.

All government assessed taxes including debt service special assessments are approved by the Village Council within limitations. The Village currently has no taxes outside the limitation that would require approval of voters.

Beginning in 1999 the Ottawa County Auditor waived the requirement of the Village to submit a Tax Budget unless there were certain circumstances (i.e., a new levy, etc.).

Financial Reports and Examinations of Accounts

The Village maintains its accounts, appropriations and other fiscal records in accordance with the procedures prescribed by the Ohio Revised Code and Ohio Administrative Code. Under the Revised Code, the Auditor of State is responsible for independently auditing the Village's financial statements. The most recent audit was completed for the years ending December 31, 2012 and 2013. The complete Audit is attached hereto in Appendix A.

The Village's financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Insurance

The Village is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The Village has addressed these various types of risk by purchasing insurance through commercial carriers.

The Village maintains general liability insurance and is maintained in the amount of \$1,000,000 for each occurrence. Other liability insurance includes \$1,000,000 for law enforcement professional liability, \$1,000,000 for public official errors and omissions liability, \$1,000,000 for automobile liability, including uninsured motorists liability. The Village also maintains a commercial umbrella liability coverage in the amount of \$5,000,000 for our occurrence limit.

Pursuant to statutes enacted in November, 1985, the liability of political subdivisions, including cities in Ohio, has been significantly reduced. As a general rule, Ohio law provides that political subdivisions such as the Village have an immunity from liability in damages for injury, death, or loss to persons or property allegedly caused by an act or omission of such political subdivisions or their employees in connection with governmental and proprietary functions, as defined in the Ohio statutes. The statutes have no effect on any liability imposed by federal law or other federal cause of action. Pursuant to Ohio law, there are, however, five areas in which a city may be held liable for such loss. These include the negligent operation of a motor vehicle on public roads, highways or streets; negligent performance of proprietary functions; failure to keep public roads, highways, streets, sidewalks, bridges or public grounds open, in repair, and free from nuisance; negligence of employees within or upon the grounds of buildings used in the performance of governmental functions, excluding jails, juvenile detention workhouses and other detention facilities; and liability specifically imposed by statute. Ohio law also imposes a two-year statute of limitations and puts limits on the damages which may be recovered from such political subdivisions. No punitive or exemplary damages can be recovered, and any insurance

benefits are deducted from any award against a political subdivision. Although there is no limitation with respect to compensatory damages representing a person's economic loss, there is a \$250,000 per person ceiling on the compensatory damage that represents a person's non-economic loss in cases other than wrongful death, in which case there is no maximum limitation.

Investment Policies of the Village

The Village investments in STAR Ohio are pooled and are valued at STAR Ohio's share price, which is the price the investment could be sold on December 31st of the appropriate year. The Village only invests or deposits public moneys only in interim deposits pursuant to division (B)(3) of Section 135.14 of the Ohio Revised Code, and no-load money market mutual funds.

The Village pools its cash for investment purposes to capture the highest rate of return. Investment income is distributed to various funds based upon local ordinance. Interest earned by the Village in 2013 totaled \$15,006.

Since the financial condition of the County indirectly affects the financial condition of the Village, the County Treasurer has stated that the County invests inactive funds in commercial bank and savings and loan certificates of deposit and instruments guaranteed by the U.S. Government or its agencies. Active County funds are invested in commercial bank accounts bearing interest. Investment of County funds is made in order to seek preservation of capital in the overall portfolio and to ensure sufficient liquidity to enable the County to meet reasonably anticipated operating requirements.

AD VALOREM TAX REVENUES

Ad Valorem Tax Base

Effective Tax Year 2012 (Collection Year 2013), the County experienced the statutory sexennial reappraisal of real property, whereby the true value of real property was adjusted to reflect current market values. Ohio law requires that the County Auditor reassess real property at any time the true or taxable value thereof has changed, and in the third calendar year following the year in which a sexennial reappraisal is completed.

Ohio law requires that taxable real property be assessed at not more than 35% of its true value except that taxable real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value as determined by the County Auditor in accordance with rules adopted by the Tax Commissioner. The assessment ratio has been fixed at 35% under existing rules of the Tax Commissioner. Any taxable real property which the owner thereof, under rules and regulations promulgated by the Chief of the State Division of Forestry, declares is devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its taxable value.

Given the standard assessment base determined under the provisions noted above, Ohio law provides for the following two-phase tax reduction of real property taxes, with respect to taxes other than taxes levied at a rate required to produce a specified amount of tax money (such as taxes for the payment of debt service charges), taxes levied inside the ten-mill limitation, or taxes authorized by a municipal charter:

1. The County Auditor must annually classify all real property into two classes: (a) residential/agricultural real property, and (b) commercial, industrial and mineral. The Tax Commissioner then determines the amount of carryover property in each such case for each taxing district, "carryover property" being defined as all real property on the current year's tax list except: (a) land and improvements that were not taxed by the district in both the preceding year and the current year, and (b) land and improvements that were not in the same class in both the preceding year and the current year.

The Tax Commissioner must determine annually by what percent (the "Tax Reduction Factor"), if any, the sums that would otherwise be levied by each tax against the carryover property in each class would have to be reduced to equal the amount that would be levied if the full rate thereof were imposed against the total taxable value of such property in the preceding tax year. Thereafter, the County Auditor must reduce the sum to be levied by such tax against each parcel of real property in the district by the Tax Reduction Factor certified by the Tax Commissioner for its class. However, if said reduction for either class of property could cause the total taxes charged and payable for current expenses of a school district, other than a joint vocational school district, prior to the statutory ten percent reduction discussed hereinafter, to be less than two percent of the taxable value of all real property in that class that is subject to taxation, the Tax Commissioner, upon notification thereof by the County Auditor, must adjust the Tax Reduction Factor so that the rate levied is not less than 2%.

2. The County Auditor must reduce the sums remaining thereafter to be levied against parcels of real property by ten percent; such reduction is reimbursed by the State to the County for distribution to the affected subdivisions after deduction of a statutorily determined fee to be used by the Department of Taxation for administrative purposes. Since June 26, 2003, only one-half of this reduction has been reimbursed from state sources. The taxes remaining after such reduction constitute the real and public utility property tax chargeable and payable on such property.

In addition, Ohio law provides a two and one half percent (2.5%) real property tax reduction for certain owner-occupied properties. Historically, the two and one half percent reduction has been reimbursed by the State to the School District.

The 2014-2015 State Budget eliminates the ten percent reduction and the two and a half percent reduction discussed above for taxes levied under new or replacement levies of the School District approved at elections held after October 11, 2013. The State shall continue to reimburse the School District for revenues lost as a result of to these rollbacks on existing tax levies, renewal tax levies and tax levies within the ten mill limitation, discussed below, in the same manner as it did before the 2014-2015 State Budget.

The State also provides a homestead exemption to certain elderly or disabled property owners, which enables qualified owners to shield a portion of the value of their home from property taxes. This reduction is reimbursed by the State to the School District. The 2014-2015 State Budget placed certain additional restrictions on the availability of the homestead exemption for those not eligible for the exemption as of tax year 2013.

While the aforesaid tax reductions may not affect the determination of the principal amount of notes that may be issued in anticipation of any tax levies or the amount of notes or bonds for any planned improvements, if funds for the payment of debt service charges on notes or bonds payable from taxes so reduced are insufficient for such purpose, then the reduction of taxes is adjusted to the extent necessary to provide sufficient funds from real property taxes for the payment of such debt charges.

Failure of the County Auditor to supply to the Tax Commissioner the information required to determine the Tax Reduction Factor may result in substantial withholding of State revenues to the local government until such time as the County Auditor supplies such information.

A corporation with taxable property in more than one county must also make, directly to the Tax Commissioner, a single combined return, listing all taxable property. Distribution of the funds so generated is normally made by the Tax Commissioner to the respective county auditors during the last quarter of each calendar year.

Recent changes to the assessment of tangible personal property enacted by the Ohio General Assembly include:

(a) Beginning in 2006, taxation affecting three classes of tangible personal property used in business changed. Tangible personal property taxes on (i) manufacturing equipment, (ii) furniture and fixtures and (iii) inventory was phased-out over a four year period, ending in 2009. Tangible personal property taxes on a fourth class, telephone, telegraph and interexchange communication companies, were phased-out from 2007-2011. A portion of the commercial activities tax (the "CAT tax"), implemented in 2005, replaced the tax on business tangible personal property. Prior to the passage of Am.Sub. HB 153, effective June 30, 2011 ("HB 153"), as part of the CAT tax, gross rents and royalties from tangible personal property, as well as gross receipts from the sale of tangible personal property (among several other categories of receipts) were credited to the State's general revenue fund and used to reimburse school districts and other local taxing units for the phase-out of taxes on business tangible personal property. These payments are commonly referred to as "replacement payments."

The application of the CAT to certain types of business receipts has been the subject of litigation. On September 17, 2009, the Ohio Supreme Court held that the CAT is not an excise tax "upon the sale or purchase of food" and does not violate the State's constitutional prohibitions against such a tax. On July 26, 2011, an Ohio appellate court held that the CAT "is not a tax upon motor vehicle fuel" and, thus, upheld the constitutionality of the application of the CAT to gross receipts from the sales of motor fuels. The Ohio Supreme Court has reversed the appellate court and declared that the allocation to non-highway purposes of revenue derived from the application of Ohio's CAT to gross receipts from the sale of motor vehicle fuel violates the Ohio Constitution. The Court determined the decision would be prospective and that such revenue would be held until properly appropriated by the General Assembly.

The division of CAT tax revenue among these sources was scheduled to be phased-out in 2018, with the State's general fund receiving 100% of the CAT tax revenues thereafter. HB 153 has generally accelerated the phase-out and reduces the reimbursement payments, depending on the type of levy and the financial resources of each particular school district or other taxing unit.

Generally, HB 153 accelerates the phase-down of the reimbursement amounts for fixed-rate levies by means of a formula based on a school district's or taxing unit's reliance on such reimbursements as a percentage of its total budget (or "total resources"), rather than by a fixed fractional reduction of reimbursement amounts through 2019, as provided under prior law. For example, under this recently implemented formula for reimbursement, certain thresholds for fixed-rate levy loss reimbursement (which, in some cases, apply to current expense fixed-rate levies) have been established for school districts (2% for fiscal year 2012 and 4% for fiscal year 2013 and thereafter) and for other taxing units (4% for fiscal year 2012 and 6% for fiscal year 2013 and thereafter). If a school district or other taxing unit does not receive reimbursement (also referred to as an "allocation") for fixed-rate levy loss in an amount equal to these respective minimum thresholds, then the school district or other taxing unit receives no reimbursement. By the end of fiscal year 2013, fixed-rate levy loss reimbursements will be either reduced or terminated. Reimbursement for fixed-rate levies other than current expense levies will be reduced by 50% for school districts by 2013 and 75% for municipalities by 2013. Reimbursement will continue to be paid for fixed-sum and unvoted debt levy losses although the phase-out period has generally been accelerated. Fixed-sum levy losses and losses on unvoted debt levies will be calculated in a manner similar to the manner in which losses for fixed-rate levies are calculated.

For additional information regarding expected changes to reimbursement amounts, please reference the following website: http://www.tax.ohio.gov/personal_property/phaseout.aspx and <http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?Page=3&TopicRelationID=990&Content=137784>.

(b) Beginning with tax year 2006, the percentages used to determine the assessed value of electric company personal property used in the production of electricity were reduced to 24% of true value; taxable transmission and distribution property are assessed at 85% of true value (50% of true value for rural electric companies). The State is to reimburse school districts and other local taxing districts for a portion of the revenues lost due to this reduction in tax valuation with proceeds of a kilowatt-hour excise tax imposed on electricity consumers as well as natural gas distribution tax revenue (the "Utility Taxes"). The reimbursement paid to school districts and other taxing units as a result of the lower Utility Taxes are commonly referred to as "replacement payments." Prior to the passage of Am. Sub. H.B. 153, effective June 30, 2011 ("HB 153"), qualifying levy reimbursements to school districts were scheduled to be distributed, in full, through 2016 (or, for fixed-rate levies, the reimbursement period could end prior to 2016 if increases in a school district's state aid exceeded its fixed-rate reimbursement measured against 2002 levels) with no further reimbursements thereafter for losses resulting from the reduction in tax valuation against utility property. Reimbursements for such losses to other taxing units were scheduled to be made through 2017 on a declining basis after 2006. HB 153 changes the manner in which replacement payments are made to school districts and local taxing units.

Generally, reimbursement for fixed-rate levy loss is calculated by determining the difference between personal property taxes due using the higher assessed rates under a pre-determined prior year (which prior year varies depending on whether the property is electric or gas) and taxes due using lower rates under the new law. Similar to determining reimbursement amounts for business tangible personal property losses, HB 153 provides a methodology for determining reimbursement amounts for fixed-rate levies by means of a formula based on a school district's or taxing unit's reliance on such reimbursements as a percentage of its total budget (or "total resources"). For example, under this recently implemented formula for reimbursement, certain thresholds for fixed-rate levy loss reimbursement (which, in some cases, apply to current expense fixed-rate levies) have been established for school districts (2% for fiscal year 2012 and 4% for fiscal year 2013 and thereafter) and for other taxing units (4% for fiscal year 2012 and 6% for fiscal year 2013 and thereafter). If a school district or other taxing unit does not receive reimbursement (also referred to as an "allocation") for fixed-rate levy loss in an amount equal to these respective minimum thresholds, then the school district or other taxing unit receives no reimbursement. By the end of fiscal year 2013, fixed-rate levy loss reimbursements will be either reduced or terminated. Reimbursement for fixed-rate levies other than current expense levies will be reduced by 50% for school districts by 2013 and 75% for municipalities by 2013. Reimbursement will continue to be paid for fixed-sum and unvoted debt levy losses with reimbursement for all but $\frac{1}{4}$ of a mill per dollar. Fixed-sum levy losses and losses on unvoted debt levies will be calculated in a manner similar to the manner in which losses for fixed-rate levies are calculated.

For additional information regarding expected changes to reimbursement amounts, please reference the following website: http://www.tax.ohio.gov/personal_property/phaseout.aspx.

Changes to Assessed Valuation

The Ohio General Assembly has exercised from time to time its power to revise Ohio law applicable to the determination of assessed valuation of property subject to ad valorem taxation and the amount of tax proceeds produced by ad valorem taxation against such property, as evidenced by the replacement of the tangible personal property tax with a portion of the revenues from the CAT tax. It is anticipated that the General Assembly will continue to make similar revisions.

Assessed Valuation of the Village

The assessed valuation of property within the Village subject to levy of ad valorem taxes over the last five years is indicated in the following table:

ASSESSED VALUATION

<u>Tax Year</u>	<u>Real Estate (Other Than Public Utility)</u>	<u>Tangible Personal (Other Than Public Utility)</u>	<u>Public Utility Real and Tangible Personal</u>	<u>Total</u>	<u>Percentage Increase Over Previous Year</u>
2009	\$39,465,260	\$ 7,725	\$ 739,620	\$40,212,605	3.77%
2010	39,890,740	-0-	756,740	40,647,480	1.08
2011	40,200,590	-0-	767,400	40,967,990	0.79
2012	40,186,600	-0-	920,950	41,107,550	0.34
2013	40,150,660	-0-	2,926,850	43,077,510	4.79

Source: Ottawa County Auditor

The Tax Year 2013 (Collection Year 2014) real estate (other than public utility) assessed valuation of \$40,150,660 is comprised of the following types of property in the indicated amounts:

**ALLOCATION OF ASSESSED VALUATION
REAL ESTATE (OTHER THAN PUBLIC UTILITY)**

<u>Type</u>	<u>Assessed Valuation</u>	<u>Percent of Total</u>
Commercial	\$24,732,610	61.60%
Industrial	0	0.00
Residential	15,284,780	38.07
Agricultural	<u>133,270</u>	<u>0.33</u>
Total	\$40,150,660	100.00

Source: Ottawa County Auditor

Largest Taxpayers

The ten largest taxpayers, including public utilities, within the Village in Tax Year 2013 are:

LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>Type</u>	<u>Total Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
1. Bernard & Mary Ann McCann	Commercial	\$1,852,930	4.3%
2. Niese Family LTD	Commercial	1,655,050	3.8
3. Island Properties INC	Commercial	1,333,360	3.1
4. Bayshore Resort LLC	Commercial	1,172,630	2.7
5. PIBR LLC	Commercial	1,102,080	2.6
6. Edward Fitzgerald	Commercial	986,530	2.3
7. Ohio Edison Co.	Utility	694,480	1.6
8. Crews Nest Properties Inc.	Commercial	949,250	2.2
9. Colonial Island LTD	Commercial	861,900	2.0
10. Niese Holdings LTS	Commercial	794,930	1.8

Source: Ottawa County Auditor

Collections and Delinquencies of Ad Valorem Taxes

Real property taxes which remain unpaid for a period of one year after they are due are certified delinquent. Foreclosure proceedings to enforce collection are required to be instituted if delinquent taxes have not been paid within the year following the certification of delinquent taxes. In addition to foreclosure proceedings, delinquent real property taxes may be collected by the appointment of a receiver or by forfeiture of the property. Another law provides for notice by publication and mass foreclosure proceedings and sales after three years, delinquency and may facilitate the County Auditor's method of collecting delinquencies under the circumstances covered by the law. Taxes other than those in real estate are, in general, certified delinquent if they remain unpaid for one year. In addition to the remedies of foreclosure, receivership and forfeiture, such delinquent taxes may be collected through civil actions in the local courts. The delinquent taxes that are collected become part of the current collection and are distributed as current collections to the respective subdivisions. Special assessments levied by the various subdivisions are collected with the real property taxes; upon collection, delinquent special assessments are remitted to the levying subdivisions. The preceding is a general description of such procedures which may vary in practice among Ohio counties.

The following table sets forth the amounts billed for ad valorem real estate and public utility taxes and special assessments for the Village on the tax duplicate for the collection years 2009 through 2013 (valuation years 2008 through 2012):

**REAL ESTATE AND PUBLIC UTILITY
TAX COLLECTION PERCENTAGES**

Collection Year	Taxes Billed*	Taxes Collected**	Percentage Collected**
2009	\$ 88,742	\$ 86,289	97.24%
2010	95,858	87,622	91.41
2011	103,861	89,593	86.26
2012	110,270	100,176	90.85
2013	115,362	102,483	88.84

* includes delinquencies

** includes previous delinquencies and subsequent additions, as well as State reimbursement of real property tax rollbacks.
Source: Ottawa County Auditor

Unvoted and Voted Taxes for Local Purposes

To meet current expenses of subdivisions, the laws of Ohio authorize two types of ad valorem tax levies – unvoted and voted.

Unvoted ad valorem tax levies are permitted by the State Constitution and the Revised Code so long as all such unvoted taxes do not exceed one percent (ten mills) of any property’s assessed valuation. This limitation is known as the “ten-mill limitation” and such unvoted taxes are referred to as the “inside millage”. See “VILLAGE DEBT AND OTHER LONG-TERM OBLIGATIONS – Indirect Debt Limitation” herein for a discussion of the effect of the ten-mill limitation on borrowings by subdivisions.

Ohio law permits voted ad valorem tax levies outside the one percent limitation when approved by a majority of the electors of a taxing district voting on the proposition. A voted tax levy for a municipality is generally initiated by a resolution of the municipality’s council to place such a levy on the ballot at a general, primary or special election.

The following chart lists the rates of taxation for the General Fund of the Village for the valuation years 2009 through 2013 (collection years 2010 through 2014). No property taxes are collected for the Bond Retirement Fund.

RATES OF TAXATION

Year	MILLS – GENERAL FUND		
	Inside	Outside	Total
2009 Valuation/ 2010 Collection	3.3	0.0	3.3
2010 Valuation/ 2011 Collection	3.3	0.0	3.3
2011 Valuation/ 2012 Collection	3.3	0.0	3.3
2012 Valuation/ 2013 Collection	3.3	0.0	3.3
2013 Valuation/ 2014 Collection	3.3	0.0	3.3

Source: Ottawa County Auditor

The ad valorem tax rates in mills for the Village and its overlapping taxing subdivisions are as follows for the valuation years indicated:

OVERLAPPING AD VALOREM TAX RATES

Valuation Year	Village	County	Put-in- Bay Local School District	Put-in- Bay Township	Put-in- Bay Authority
2009	3.3	7.4	30.3	9.65	--
2010	3.3	7.4	30.3	9.65	.75
2011	3.3	7.4	30.3	9.65	.75
2012	3.3	7.4	30.3	9.65	.75
2013	3.3	7.4	30.3	9.65	.75

Source: Ottawa County Auditor

Resort Tax

The Village levies a resort tax of 1.5% on income arising from business activities conducted within the Village. Receipts by the Village from the Resort Tax in recent years were as follows:

<u>Year</u>	<u>Amount</u>
2009	\$419,000
2010	445,264
2011	595,898
2012	616,881
2013	696,716

Local Government Fund

The Ohio local government fund was created by statute and is comprised of designated State revenues which are distributed to each county and then allocated on the basis of statutory formulas among each county and the cities, villages and townships in such county. Receipts by the Village from the Ohio local government fund in recent years were as follows:

<u>Year</u>	<u>Amount</u>
2009	\$21,368
2010	23,069
2011	23,053
2012	16,438
2013	12,565

Source: Village Financial Officer

The amount and timing of such receipts have been and are subject to change from time to time by the Ohio General Assembly.

VILLAGE DEBT AND OTHER LONG-TERM OBLIGATIONS

Security For and Sources of Payment of General Obligation Debt

Unvoted Debt. The basic security for unvoted Village general obligation debt is the Village's ability to levy, and its levy pursuant to constitutional and statutory requirements, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the Village, within the ten-mill limitation imposed by Ohio law (see "Indirect Debt Limitation" below). This tax must be in sufficient amount to pay (to the extent not paid from other sources) as it becomes due the debt service on unvoted Village general obligation bonds, both outstanding and in anticipation of which bonds, including the Bonds, are outstanding. The law provides that the levy necessary for debt service has priority over any levy for current expenses within the ten-mill limitation; however, that priority may be subject to the provisions of federal bankruptcy law and other laws affecting creditors' rights. See the discussion in this Section, under "Indirect Debt Limitation", of the ten-mill limitation, and the priority of claim thereon for debt service on unvoted general obligation debt of the Village and all overlapping taxing subdivisions.

Voted Debt. The basic security for voted Village general obligation debt is the authorization by the electors for the Village to levy, ad valorem taxes without limitation as to rate or amount on all real and tangible personal property subject to ad valorem taxation by the Village. This tax is outside of the tax limitations referred to above under "Unvoted Debt", and is calculated to be in sufficient amount to pay (to the extent not paid from other sources) as it becomes due the debt service on voted Village general

obligation bonds, both outstanding and in anticipation of which bonds are outstanding, subject to the provisions of federal bankruptcy law and other laws affecting creditors' rights. The Village has no voted general obligation debt outstanding.

Notes in Anticipation of Bonds. While general obligation bond anticipation notes run, Ohio law requires the Village to levy ad valorem property taxes in an amount not less than that which would have been levied if bonds had been issued without the prior issuance of the notes, provided that such levy need not actually be collected if payment of debt service on such notes is, in fact, to be provided from other sources, such as utility revenues, income tax receipts and proceeds from the sale of renewal notes or bonds.

In general, such notes, including renewals of such notes, may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes, except that the maximum maturity for notes issued in anticipation of general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period.

Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or available funds of the Village, or a combination of these sources. The ability of the Village to retire its outstanding bond anticipation notes from the proceeds of the sale of either bonds or renewal notes will be dependent upon the marketability of those obligations under market conditions prevailing at the time of such sale.

State Legislation Relative to Municipal Fiscal Emergencies

The Ohio General Assembly enacted Chapter 118 of the Revised Code (hereinafter in this section the "Act") providing methods for dealing with fiscal emergencies of municipal corporations in Ohio. The Act applies only to those municipal corporations which are determined to have circumstances that constitute the existence of a fiscal emergency condition and, therefore, a fiscal emergency pursuant to Sections 118.03 and 118.04 of the Revised Code, as set forth in the Act.

Section 118.03 of the Revised Code sets forth a series of circumstances that are defined "fiscal emergency conditions." If the Auditor of State determines that a fiscal emergency condition exists, then the municipality is subjected to state oversight through a seven-member Financial Planning and Supervision Commission (hereinafter in this section of this Official Statement the "Commission"). The Commission is assisted by certified public accountants designated as the Financial Supervisor to be engaged by the Commission. The Auditor of State may also be required to assist the Commission.

A municipal corporation subject to the Act must develop and submit a detailed financial plan for the approval or rejection of the Commission. Among other matters, the financial plan must show the actions to be taken by such a municipal corporation to eliminate existing fiscal emergency conditions, avoid future fiscal emergency conditions, and to restore the municipality's ability to market long-term debt obligations under state laws generally applicable to Ohio municipalities.

The Commission must approve the amount and purpose of any issue of debt obligations. The Commission or, when authorized by the Commission, the Financial Supervisor must require the municipal corporation to establish monthly levels of expenditures and encumbrances consistent with the financial plan and must monitor such monthly levels and require justification to substantiate any departure from an approved level. The Commission must disapprove the issuance of debt obligations if: the issuance would impede the purposes of the financial plan or be inconsistent with the financial plan or the Act; debt limits would be exceeded; the ability of overlapping subdivisions to issue unvoted faith and credit debt obligations would be impaired; or their issuance would be likely to lead to the reallocation of minimum levies of other political subdivisions. Expenditures may not be made contrary to a proposed financial plan after it is submitted to the Commission and before it is approved or disapproved; and if it is disapproved, no expenditures may be made which are inconsistent with the reasons given for disapproval.

The Act provides, among other requirements and provisions, that: a municipality subject to the Act must develop an effective financial accounting and reporting system; budgets, appropriations and expenditures must be consistent with the purposes of the financial plan; and Local Government Fund Bonds may be issued, payable solely from the municipal corporation's share of the local government fund pursuant to restrictions imposed by the Act. The municipal corporation may include certain covenants in its debt obligations, including a state pledge not to repeal the Act. The Act also permits the municipality to issue current revenue bonds and advanced tax payment bonds pursuant to the authorization and subject to the restrictions of the Act.

The Village Financial Officer has reviewed applicable portions of the Act and has reviewed records pertaining to the Village's circumstances with respect to the Act. Based upon the Village Financial Officer's understanding of the Act, the Auditor is of the opinion that, with respect to the Village, no circumstances or conditions exist that will cause a fiscal emergency condition to be determined to exist under the Act.

Direct Debt Limitations

The Revised Code provides that the aggregate principal amount of voted and unvoted "net indebtedness" of a municipal corporation, such as the Village, may not exceed 10-1/2% of the total value of all property in such municipal corporation as listed and assessed for taxation, and that the aggregate principal amount of unvoted "net indebtedness" of such municipal corporation may not exceed 5-1/2% of such value.

In calculating "net indebtedness", the Revised Code provides that certain obligations of a municipality are not to be considered, including self-supporting obligations, special assessment debt and mortgage revenue bonds.

Other infrequently-issued types of obligations are also excluded from the calculation of net indebtedness; the Village has such obligations outstanding, see "Other Obligations" herein. Notes issued in anticipation of bonds excluded from the calculation of net indebtedness are also excluded from such calculation. In calculating net indebtedness, amounts in a municipality's bond retirement fund allocable to the principal amount of bonds otherwise included in the amount of net indebtedness are deducted from the total net indebtedness of such municipality.

APPENDIX B of this Official Statement is a Financial Statement for the Village, certified by the Village Financial Officer, calculating the amount of the outstanding obligations of the Village which are subject to the total direct debt limit (10-1/2% limit) and the unvoted direct debt limit (5-1/2% limit). The total principal amount of voted and unvoted general obligation debt that could be issued by the Village subject to the 10-1/2% total direct debt limitation, as indicated by APPENDIX B, is \$4,523,138 and the Village's net debt subject to such 10-1/2% limitation outstanding is \$470,000*, leaving a balance of approximately \$4,053,138* borrowing capacity issuable within the 10-1/2% limitation on combined voted and unvoted non-exempt debt. The Village has no voted debt outstanding which is subject to such limitation.

The total unvoted Village general obligation debt that could be issued subject to the 5-1/2% unvoted direct debt limitation, as indicated by APPENDIX B, is \$2,369,263. The net Village debt subject to such 5-1/2% limitation outstanding is \$470,000*, leaving a balance of approximately \$1,899,362* of additional unvoted non-exempt debt that could be issued by the Village under such 5-1/2% limitation.

However, as described below, the Village's ability to incur debt in these amounts is restricted by the indirect debt limitation. In the case of unvoted general obligation debt, both the direct and the indirect debt limitations must be met.

Indirect Debt Limitation

Ohio municipalities may issue voted general obligation debt within the direct debt limitation described above; ad valorem taxes, without limitation as to rate or amount, to pay debt service on such voted bonds are authorized by the electors at the same time the bonds are authorized. Certain other subdivisions may also issue voted debt.

The Ohio Constitution and the Revised Code, by limiting the amount of ad valorem taxes which may be levied without a vote to one percent (or ten mills) of the valuation of the property to be taxed, while requiring that an ad valorem tax sufficient to pay debt service be levied whenever general obligation indebtedness is incurred, operate to indirectly limit the amount of unvoted bonds that may be issued. This indirect limitation on the amount of unvoted general obligation indebtedness is commonly known as the "ten-mill limitation".

Typically, the various taxing subdivisions levy the full ten mills of unvoted taxes permitted by Ohio law (which is sometimes referred to as the "inside millage"), regardless of whether such millage is needed for debt service, and this inside millage is allocated by the County Budget Commission among the overlapping subdivisions pursuant to a formula contained in the Revised Code. The current allocation of the inside millage is 3.3 mills for the Village, 0.3 mills for the Township, 2.0 mills for the County and 4.4 mills for the School District. This allocation has remained constant for at least the last five years.

The inside millage allocated to a taxing subdivision is required by Ohio law to be used first for the payment of debt service on unvoted general obligation debt of the subdivision, unless provision has been made for its payment from other sources, and the balance may be used for general fund purposes of the subdivision. To the extent that this inside millage is required for debt service of a taxing subdivision (which may exceed the formula allocation for that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Since the inside millage that may actually be required to pay debt service on unvoted general obligation debt of a subdivision may exceed the formula allocation of inside millage to such subdivision, such excess reduces the amount of inside millage available to overlapping subdivisions. In the case of municipalities, such as the Village, however,

* Preliminary; subject to change.

Ohio law requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt service before the formula allocations of the inside millage to overlapping subdivisions can be invaded.

In determining whether additional unvoted bonds may be issued within this indirect debt limitation, the outstanding unvoted general obligation indebtedness of the issuing municipality and all overlapping political subdivisions must be considered, including general obligation indebtedness which is expected to be paid from sources other than ad valorem taxes. Since the indirect debt limit results from tax limitations and the requirement to levy taxes to pay bonds, it has application only to bonds that are payable from taxes either initially or in the event other non-tax revenues pledged to pay such bonds prove to be insufficient. This indirect debt limitation does not have any application where the bonds being issued do not pledge the credit of the municipality or when bonds are payable solely out of the revenues of non-tax sources, such as utility income or property, as in the case of mortgage revenue bonds.

Unlike the direct debt limitations, the test for applying the indirect debt limitation may not be expressed in terms of a percentage of tax valuation. The amount of bonds that may be issued under this indirect debt limitation is determined by whether the amount required for debt service on the proposed bonds in a given year is greater than the number of dollars that will be produced by a tax levy equal to the inside millage available. The inside millage available is determined by subtracting from ten mills the number of mills required for unvoted outstanding general obligation bonds of the issuing municipality and all other political subdivisions that overlap such municipality. In arriving at the available inside millage, the inside millage that is actually being used by the overlapping subdivision at the time to pay debt service on unvoted general obligation debt is not considered; instead, it is the inside millage that could be required to pay all such debt and the inside millage that could be required to retire the proposed issue, if no funds were available from other sources, that is considered.

A constitutional amendment designed to remove this indirect debt limitation was defeated by the voters of Ohio at an election held on June 8, 1976.

APPENDIX C of this Official Statement is a Ten-Mill Certificate, certified by the County Auditor, calculating the tax rate, in mills, required to pay debt service for unvoted general obligation debt of the Village and its overlapping political subdivisions for the fiscal year in which the debt service will be the highest. In the case of bonds issued in anticipation of unvoted general obligation bonds, the highest annual debt service estimated for the anticipated bonds is used to calculate the millage required; these debt service estimates are included in APPENDIX C. The Ten-Mill Certificate indicates that all unvoted general obligation debt of the Village and its overlapping subdivisions, other than the Bonds, requires 0.9646* mills to be levied, if such debt is not paid from other sources. The Ten-Mill Certificate also shows that the Bonds will require _____ mills to be levied, if they are not paid from other sources. According to the Ten-Mill Certificate, the total millage required for all unvoted general obligation debt, including the Bonds, is _____ mills, leaving _____ mills of unused debt capacity under the indirect debt limitation available to the Village and its overlapping political subdivisions for the issuance of additional unvoted general obligation debt.

* Preliminary; subject to change.

Outstanding Debt

The Village currently has the following outstanding general obligation debt (not including the Bonds):

BOND ANTICIPATION NOTES

Date of Original Issue	Purpose	Final Maturity	Interest Rate	Original Amount Issued	Amount Outstanding
11/01/13	Muni Dock Rev BANs	10/31/14	1.75%	\$5,600,000	\$5,600,000

**A portion to be redeemed with proceeds of the Bonds*

Other Obligations

The Village has financed several loans through the Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) relating to water and sewer plant projects, plant expansions, a ground level storage tank, effluent discharge, and effluent storm sewer projects that the Environmental Protection Agency ordered. The Village will repay the loans through semi-annual installments through the year 2042. See payment schedule below. The Village's water and sewer receipts are collateral for the loans. The Village Council has also elected to use a small portion of the General Fund's resort tax receipts for the repayment of such loans related to capital improvements.

<u>Year Ending 12/31:</u>	<u>OWDA Loans</u>	<u>OPWC Loans</u>
2014	\$118,441	\$39,894
2015	118,441	39,894
2016	118,441	39,894
2017	118,441	39,894
2018	118,441	39,894
2019-2023	427,491	195,897
2024-2028	260,744	168,278
2029-2033	245,040	113,522
2034-2038	171,527	77,514
2039-2042		42,585
Total	<u>\$1,697,007</u>	<u>\$797,266</u>

The Village received \$1,577,805 in OWDA loan principal forgiveness during 2010 and 2011. The Village is required to follow the guidelines of the loan agreements. Failure to do so could result in the Village being liable for the principal forgiveness. The principal outstanding above assumes the Village will fully comply with the loan guidelines and assumes full principal forgiveness.

Future Financings

The Village has no future financing plans at this time.

LITIGATION

To the knowledge of the appropriate Village officials, no litigation or administrative action or proceeding is pending or threatened restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, or the levy and collection of taxes or other revenues to pay the debt service on the Bonds, or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds. The Village will deliver to the successful bidder for the Bonds a certificate to that effect at the time of original delivery of the Bonds to such bidder.

The Village is a party to various legal proceedings seeking damages or injunctive or other relief and generally incidental to its operations. These proceedings are unrelated to the Bonds, the security for the Bonds or the Projects. The ultimate disposition of these proceedings is not now determinable, but will not, in the opinion of the Village's Law Director, have a material adverse effect on the Bonds, the security for the Bonds or the various projects.

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon (see "TAX STATUS" below) are subject to the approving legal opinion of Peck, Shaffer & Williams, A division of Dinsmore & Shohl LLP, whose legal services as Bond Counsel have been retained by the Village. Signed copies of the opinion, dated and premised on facts and law existing as of the date of original delivery of the Bonds, will be delivered to the successful bidder for the Bonds at the time of original delivery of the Bonds. A drafts of the opinion is attached hereto as APPENDIX D.

Although such firm as Bond Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of, any statements in this Official Statement, including the appendices, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the Village or the Bonds that may be prepared or made available by the Village or others to the bidders for the Bonds, purchasers or holders of the Bonds, or others.

In addition to rendering the approving legal opinion, Bond Counsel will assist in the preparation of and advise the Village concerning documents for the bond transcript.

Peck, Shaffer & Williams, A division of Dinsmore & Shohl LLP also serves and has served in a bond counsel capacity for one or more of the political subdivisions that territorially overlap the Village.

TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings, including a certificate relating to litigation (described above under "LITIGATION") and other appropriate closing documents, will be delivered by the Village when the Bonds are delivered to the successful bidder for the Bonds. The Village at that time will also provide to the successful bidder for the Bonds a certificate of the Village addressed to such bidder relating to the accuracy and completeness of this Official Statement.

TAX STATUS

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds is excludible from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from taxation, including personal income taxation, by the State of Ohio and its political subdivisions, and is excludible from the net income base used in calculating the Ohio corporate franchise tax.

A copy of the opinion of Bond Counsel for the Bonds is set forth in APPENDIX D, attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The Issuer has covenanted to comply with certain restrictions designed to ensure that interest on Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

Although Bond Counsel for the Bonds has rendered an opinion that interest on the Bonds is excludible from gross income for Federal and Ohio income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

For example, although Bond Counsel is of the opinion that the interest on the Bonds will not be a specific item of preference for the federal alternative minimum tax, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership or disposition of the Bonds may result in other collateral Federal, state or local tax consequence for certain taxpayers. Such effects include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits, under Section 86 of the Code and, for tax years beginning in 1996, limiting the use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of Bonds in a state other than Ohio or being subject to tax in a state other than Ohio, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

Original Issue Discount

Certain Bonds (the "Discount Bonds") may be offered and sold to the public at an original issue discount ("OID") from the amounts payable at maturity thereon. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond, and for the Discount Bonds, the amount of accretion will be based on a single rate of interest, compounded semiannually (the "yield to maturity"). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns the Discount Bond is added to such purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

Original Issue Premium

"Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. Certain Bonds (the "Premium Bonds") may be initially offered and sold to the public with Acquisition Premium. Certain Premium Bonds are callable with a redemption premium prior to their maturity date. For federal income tax purposes, the amount of Acquisition Premium on each bond the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt bonds") must be amortized and will reduce the bondholder's adjusted basis in that bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining a bondholder's taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the Bonds, that must be amortized during any period will be based on the "constant yield" method, using the Bondholder's basis in such Bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Please note that because certain Premium Bonds are callable with redemption premiums, both the amount of, and the amortization period for, the Acquisition Premium will depend both upon when the Premium Bonds can be redeemed and if in fact they are redeemed. Holders of any Bonds, including any Premium Bonds, purchased with Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

RATING

The Village's outstanding general obligation debt, including the Bonds, has been assigned an underlying rating of "A2" by Moody's Investors Service, Inc. The rating reflects only the view of the rating organization, and any explanation of the meaning or significance of the rating may only be obtained from the rating agency.

The Village furnished to such rating agency certain information and materials relating to the Bonds and the Village, some of which may not have been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on their own investigation, studies and assumptions. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the Bonds.

The Village expects to furnish the rating service with information and materials that they may request. However, the Village assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Bonds.

UNDERWRITING

Fifth Third Securities, Inc., Cleveland, Ohio (the "Underwriter") has agreed to purchase the Bonds at an aggregate purchase price of ____% (\$ _____) of the principal amount thereof, plus accrued interest, pursuant to an agreement entered into by and between the Board of Education and the Underwriter. The aggregate initial public offering price for the Bonds is \$ _____ which includes certain fees and expenses related to the issuance of the Bonds in addition to the Underwriter's spread. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealer banks and dealers depositing bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions of the agreement between the Board of Education and the Underwriter. The Underwriter is obligated to purchase all of the Bonds if any of such Bonds are purchased.

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CONCLUDING STATEMENT

This Official Statement has been duly authorized and prepared by, and executed and delivered for and on behalf of, the Village by its Mayor and Clerk-Treasurer.

VILLAGE OF PUT-IN-BAY, OHIO

By: _____
Mayor

By: _____
Clerk-Treasurer

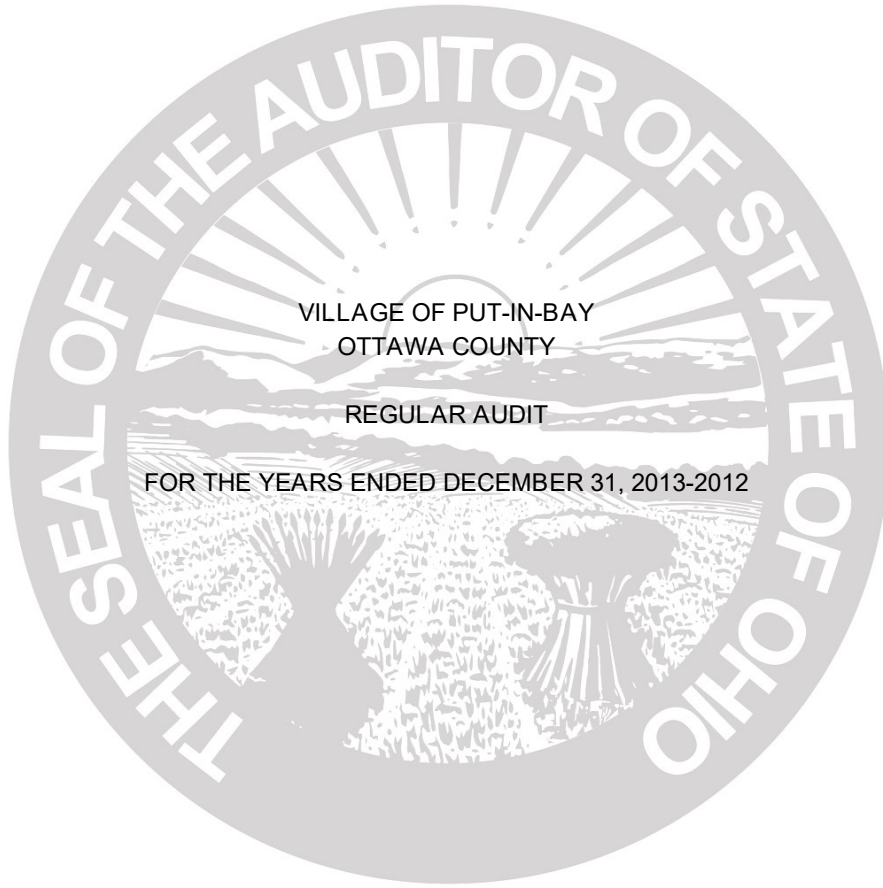
Dated: _____, 2014

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APPENDIX A
AUDITED FINANCIAL INFORMATION FOR THE YEARS
2012 AND 2013

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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 years ended December 31, 2013 and 2012.

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, to satisfy these requirements.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
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The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years 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, 2013 and 2012, and its combined cash receipts and disbursements for the years 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2014, 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.



Dave Yost
Auditor of State

Columbus, Ohio

July 21, 2014

**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, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 820,718				\$ 820,718
Intergovernmental	119,318	\$ 74,050			193,368
Special Assessments			\$ 19,275		19,275
Charges for Services	568,461	800			569,261
Fines, Licenses and Permits	66,322	47,920			114,242
Earnings on Investments	13,552	1,455			15,007
Miscellaneous	119,900	14,222		\$ 5,320	139,442
<i>Total Cash Receipts</i>	<u>1,708,271</u>	<u>138,447</u>	<u>19,275</u>	<u>5,320</u>	<u>1,871,313</u>
Cash Disbursements					
Current:					
Security of Persons and Property	628,572				628,572
Public Health Services	6,747	7,000			13,747
Leisure Time Activities	246,872	18,501			265,373
Community Environment	4,707				4,707
Transportation	65,635	10,901			76,536
General Government	334,364	4,091			338,455
Capital Outlay	119,072	167		577,417	696,656
Debt Service:					
Principal Retirement	87,912		9,200		97,112
Interest and Fiscal Charges	50,100		7,464		57,564
<i>Total Cash Disbursements</i>	<u>1,543,981</u>	<u>40,660</u>	<u>16,664</u>	<u>577,417</u>	<u>2,178,722</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>164,290</u>	<u>97,787</u>	<u>2,611</u>	<u>(572,097)</u>	<u>(307,409)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes				5,600,000	5,600,000
Other Debt Proceeds				30,004	30,004
Transfers In	976			5,000	5,976
Transfers Out	(5,000)				(5,000)
Advances In	34,388				34,388
Advances Out		(34,388)			(34,388)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>30,364</u>	<u>(34,388)</u>		<u>5,635,004</u>	<u>5,630,980</u>
<i>Net Change in Fund Cash Balances</i>	194,654	63,399	2,611	5,062,907	5,323,571
<i>Fund Cash Balances, January 1</i>	<u>900,159</u>	<u>246,089</u>	<u>19,402</u>	<u>39,229</u>	<u>1,204,879</u>
Fund Cash Balances, December 31					
Restricted		282,059	22,013	5,101,255	5,405,327
Committed		27,429		881	28,310
Unassigned	1,094,813				1,094,813
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,094,813</u>	<u>\$ 309,488</u>	<u>\$ 22,013</u>	<u>\$ 5,102,136</u>	<u>\$ 6,528,450</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, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 1,057,809		\$ 1,057,809
Operating Cash Disbursements			
Personal Services	304,111		304,111
Employee Fringe Benefits	117,230		117,230
Contractual Services	151,316		151,316
Supplies and Materials	235,068		235,068
Claims	69,907		69,907
<i>Total Operating Cash Disbursements</i>	<u>877,632</u>		<u>877,632</u>
<i>Operating Income</i>	<u>180,177</u>		<u>180,177</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	30,163		30,163
Miscellaneous Receipts	11,840		11,840
Capital Outlay	(38,724)		(38,724)
Principal Retirement	(153,606)		(153,606)
Interest and Other Fiscal Charges	(50,431)		(50,431)
Other Financing Sources	8,008	\$ 37,357	45,365
Other Financing Uses		(36,330)	(36,330)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(192,750)</u>	<u>1,027</u>	<u>(191,723)</u>
<i>Income (Loss) before Transfers</i>	<u>(12,573)</u>	<u>1,027</u>	<u>(11,546)</u>
Transfers In	23,539		23,539
Transfers Out	(24,515)		(24,515)
<i>Net Change in Fund Cash Balances</i>	<u>(13,549)</u>	<u>1,027</u>	<u>(12,522)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,229,932</u>	<u>1,263</u>	<u>1,231,195</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,216,383</u>	<u>\$ 2,290</u>	<u>\$ 1,218,673</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 GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 746,315				\$ 746,315
Intergovernmental	122,738	\$ 54,257			176,995
Special Assessments			\$ 17,389		17,389
Charges for Services	510,465	1,100			511,565
Fines, Licenses and Permits	88,933	47,593			136,526
Earnings on Investments	11,104	1,316			12,420
Miscellaneous	43,796	38,849		\$ 5,041	87,686
<i>Total Cash Receipts</i>	<u>1,523,351</u>	<u>143,115</u>	<u>17,389</u>	<u>5,041</u>	<u>1,688,896</u>
Cash Disbursements					
Current:					
Security of Persons and Property	559,413				559,413
Public Health Services	6,821	2,000			8,821
Leisure Time Activities	230,444	28,500			258,944
Community Environment	5,002				5,002
Basic Utility Services					-
Transportation	58,604	169,572			228,176
General Government	314,565	4,065			318,630
Capital Outlay	198,925	32,172		1,089,556	1,320,653
Debt Service:					
Principal Retirement	97,487		8,670		106,157
Interest and Fiscal Charges	39,914		7,994		47,908
<i>Total Cash Disbursements</i>	<u>1,511,175</u>	<u>236,309</u>	<u>16,664</u>	<u>1,089,556</u>	<u>2,853,704</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,176</u>	<u>(93,194)</u>	<u>725</u>	<u>(1,084,515)</u>	<u>(1,164,808)</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds				1,400,430	1,400,430
Transfers In				6,590	6,590
Transfers Out	(6,590)				(6,590)
Advances In	315,973	46,220			362,193
Advances Out	(16,220)	(30,000)		(315,973)	(362,193)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>293,163</u>	<u>16,220</u>		<u>1,091,047</u>	<u>1,400,430</u>
<i>Net Change in Fund Cash Balances</i>	<u>305,339</u>	<u>(76,974)</u>	<u>725</u>	<u>6,532</u>	<u>235,622</u>
<i>Fund Cash Balances, January 1</i>	<u>594,820</u>	<u>323,063</u>	<u>18,677</u>	<u>32,697</u>	<u>969,257</u>
Fund Cash Balances, December 31					
Restricted		203,408	19,402	38,668	261,478
Committed		42,681		561	43,242
Unassigned	900,159				900,159
<i>Fund Cash Balances, December 31</i>	<u>\$ 900,159</u>	<u>\$ 246,089</u>	<u>\$ 19,402</u>	<u>\$ 39,229</u>	<u>\$ 1,204,879</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, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 964,684		\$ 964,684
Operating Cash Disbursements			
Personal Services	285,939		285,939
Employee Fringe Benefits	118,917		118,917
Contractual Services	127,518		127,518
Supplies and Materials	184,049		184,049
Other	82,688		82,688
<i>Total Operating Cash Disbursements</i>	<u>799,111</u>		<u>799,111</u>
<i>Operating Income</i>	<u>165,573</u>		<u>165,573</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	114,927		114,927
Miscellaneous Receipts	6,578		6,578
Capital Outlay	(37,024)		(37,024)
Principal Retirement	(76,106)		(76,106)
Interest and Other Fiscal Charges	(24,076)		(24,076)
Other Financing Sources	8,585	32,368	40,953
Other Financing Uses		(32,846)	(32,846)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(7,116)</u>	<u>(478)</u>	<u>(7,594)</u>
<i>Income (Loss) before Transfers</i>	158,457	(478)	157,979
Transfers In	15,038		15,038
Transfers Out	(15,038)		(15,038)
<i>Net Change in Fund Cash Balances</i>	158,457	(478)	157,979
<i>Fund Cash Balances, January 1</i>	<u>1,071,475</u>	<u>1,741</u>	<u>1,073,216</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,229,932</u>	<u>\$ 1,263</u>	<u>\$ 1,231,195</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, 2013 AND 2012**

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

Investments in STAR Ohio are valued at STAR Ohio's 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 restricted or committed 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 - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

VILLAGE OF PUT-IN-BAY
OTTAWA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 reports 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 Funds:

Water Treatment Plant Expansion Phase II Fund – This fund is used to account for loan proceeds to be used for capital improvements for phase II of the Village water treatment plant expansion project.

Dock Project Fund – This fund is used to account for the bond proceeds to be used for capital improvement 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.

VILLAGE OF PUT-IN-BAY
OTTAWA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 2013 and 2012 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.

VILLAGE OF PUT-IN-BAY
OTTAWA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assigned

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:

	<u>2013</u>	<u>2012</u>
Demand deposits	\$7,281,184	\$1,970,317
STAR Ohio	465,939	465,757
Total deposits and investments	<u>\$7,747,123</u>	<u>\$2,436,074</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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,708,270	\$1,743,635	\$35,365
Special Revenue	144,812	138,447	(6,365)
Debt Service	19,275	19,275	
Capital Projects	5,640,004	5,640,324	320
Enterprise	1,107,820	1,131,359	23,539
Total	\$8,620,181	\$8,673,040	\$52,859

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,707,625	\$1,552,022	\$155,603
Special Revenue	378,697	75,048	303,649
Debt Service	38,676	16,664	22,012
Capital Projects	624,194	577,417	46,777
Enterprise	1,905,032	1,146,036	758,996
Total	\$4,654,224	\$3,367,187	\$1,287,037

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,031,784	\$1,839,324	(\$192,460)
Special Revenue	163,054	189,335	26,281
Debt Service	33,251	17,389	(15,862)
Capital Projects	1,631,058	1,412,061	(218,997)
Enterprise	1,348,174	1,109,812	(238,362)
Total	\$5,207,321	\$4,567,921	(\$639,400)

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. BUDGETARY ACTIVITY (CONTINUED)

20BB Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,645,053	\$1,539,247	\$105,806
Special Revenue	334,888	266,309	68,579
Debt Service	16,664	16,664	
Capital Projects	3,375,290	1,415,856	1,959,434
Enterprise	2,031,018	953,994	1,077,024
Total	\$7,402,913	\$4,192,070	\$3,210,843

4. PROPERTY TAX

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

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

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

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

5. RESORT TAX

The Village levies a resort 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. DEBT

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority		
State Sewer Project Loan #2087	\$123,716	6.87%
State Sewer Project Loan #2088	112,749	6.12%
State Water Project Loan #3029	68,791	6.87%
State Water Project Supplement Loan #3030	24,014	5.88%
Water Plan Renovation Loan #4312	95,753	4.00%
Ground Level Storage Project Loan #4735	967,570	1.50%
Phase I, Phase II WWTP Imp. and Effluent Discharge Loan #5039	852,374	1.50%
WTP and Intake Improvements Design Loan #5812	3,838	2.00%
Water Intake Improvements Loan #5897	999,736	2.00%
WTP & Intake Phase II Loan #6122	952,982	2.00%
Ohio Public Works Commission		
Water Plant Loan #CU408	27,988	3.00%
Wastewater Treatment Plant Improvements Loan #CE55H	66,664	0.00%
South Bass Island Water System Improvements Loan #CU05K	28,882	0.00%
Waste Water Treatment Plant Effluent Storm Sewer Loan #CE26L	121,411	0.00%
Waste Water Treatment Plant Improvements Loan #CE38K	239,417	0.00%
Water Treatment Raw Water Intake Replacement Loan #CE46O	308,750	
Municipal Dock Rehabilitation Project Revenue Note	5,600,000	1.75%
Total	<u><u>\$10,594,635</u></u>	

The Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) loans relate to water and sewer plant projects, plant expansions, a ground level storage tank, effluent discharge, and effluent storm sewer projects the Environmental Protection Agency ordered. The Village will repay the loans through semiannual installments through the year 2042. The loans are collateralized by water and sewer receipts. The Village Council has also elected to use a portion of the General Fund's resort tax receipts for the repayment of debt related to capital improvements.

The Municipal Dock Rehabilitation Project Revenue Note was issued in 2013 for construction and acquisition of improvements to the municipal docks. Revenues derived from the operation of the municipal dock, proceeds from the resort tax, and anticipate grant proceeds are pledged for the repayment of the note at maturity. The note is payable in one installment at maturity.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. DEBT (CONTINUED)

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

Year ending December 31:	OWDA Loans	OPWC Loans	Municipal Dock Rehabilitation Project Revenue Note
2014	\$118,441	\$39,894	\$5,697,726
2015	118,441	39,894	
2016	118,441	39,894	
2017	118,441	39,894	
2018	118,441	39,894	
2019-2023	427,491	195,897	
2024-2028	260,744	168,278	
2029-2033	245,040	113,522	
2034-2038	171,527	77,514	
2039-2042		42,585	
Total	<u>\$1,697,007</u>	<u>\$797,266</u>	<u>\$5,697,726</u>

Phase I, Phase II WWTP Imp. and Effluent Discharge Loan #5039, WTP and Intake Improvements Design Loan #5812, 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, 2013 the Village had borrowed \$852,374, \$3,838, \$999,736, and \$952,982, respectively.

7. MANUSCRIPT DEBT

The Village Council approved the purchase of its own Water Treatment Plant Bond Anticipation Notes in 2011. The notes relate to constructing and acquiring improvements for the Village's water treatment plant. The notes carry an interest rate of 2 percent and have been accounted for using the advance method. \$315,973 was outstanding as of December 31, 2011 payable to the Village's General Fund from the Water Treatment Plant Expansion Phase II Fund. The Village advanced the \$315,973 from the Water Treatment Plant Expansion Phase II Fund back to the General Fund during 2012.

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 2012 advances in/out consisted of Water Treatment Plant Expansion Phase II Fund advance of \$315,973 to the General Fund to repay a manuscript debt issue from a prior period; General Fund advances of \$7,000 and \$9,200 to the Safe Routes Fund to provide funds in lieu of receipt of grant monies; and Public Service Street Repair advance of \$30,000 to the Natureworks Community Beach Fund to provide funds in lieu of the receipt of grant monies.

VILLAGE OF PUT-IN-BAY
OTTAWA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

9. 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 2013 and 2012, OP&F participants contributed 10% of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, 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, 2013.

10. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

11. 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. 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.

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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 years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated July 21, 2014 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 2013-001 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*.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484
www.ohioauditor.gov

Entity's Response to Findings

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.

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

Dave Yost
Auditor of State

Columbus, Ohio

July 21, 2014

VILLAGE OF PUT-IN-BAY
OTTAWA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

Material Weakness-Monitoring of Financial Statements

We identified the following errors requiring adjustment to the financial statements or notes to the financial statements for the year ending December 31, 2012:

- Principal and interest payments of \$97,487 and \$647, respectively, were improperly classified in the General Fund as interest and fiscal charges and security of persons and property;
- Estimated receipts were increased \$319,842 in the General Fund in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Budgeted expenditures were decreased \$178,733 in the Special Revenue Funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Estimated receipts were decreased \$17,644 in the Special Revenue Funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Fund balances for the Baywalk Project, Put-in-Bay Arts Council, and Community Playground Special Revenue funds in the amount of \$6,466, \$7,805, and \$28,410, respectively, were reclassified from Restricted to Committed;
- Principal and interest payments of \$8,670 and \$7,994, respectively, were improperly classified in the Debt Service Fund as general government;
- Budgeted expenditures were decreased \$19,402 in the Debt Service Fund in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Other Debt Proceeds in the amount of \$1,370,488 were improperly classified in the Capital Projects funds as intergovernmental revenue;
- Advances in and out in the amount of \$250,571 were decreased in the Capital Projects and Enterprise funds to eliminate advances made and repaid in the same calendar year;
- Other Debt Proceeds and Capital Outlay were increased \$29,942 in the Capital Projects funds in order to properly recognize on-behalf loan activity;
- Budgeted expenditures were increased \$1,693,418 in the Capital Projects funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Estimated receipts were decreased \$250,571 in the Capital Projects funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Fund balance for the Town Hall Improvement Capital Project Fund in the amount of \$561 were reclassified from Restricted to Committed;
- Principal, Interest, and Other disbursements in the amount of \$76,106, \$11,439, and \$12,500, respectively, were improperly classified in the Enterprise funds as interest and fiscal charges and capital outlay;

FINDING NUMBER 2013-001
(Continued)

- Budgeted expenditures were increased \$491,382 in the Enterprise funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Estimated receipts were increased \$272,792 in the Enterprise funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;

We also identified the following errors requiring adjustment to the financial statements or notes to the financial statements for the year ending December 31, 2013:

- Principal and interest payments of \$87,912 and \$125, respectively, were improperly classified in the General Fund as interest and fiscal charges and security of persons and property;
- Estimated receipts were increased \$104,511 in the General Fund in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- Principal and interest payments of \$9,200 and \$7,464, respectively, were improperly classified in the Debt Service Fund as general government;
- Other Debt Proceeds and Note Proceeds in the amount of \$30,004, and \$5,600,000 were improperly classified in the Capital Projects funds as intergovernmental revenue;
- Principal and Interest payments in the amount of \$153,606 and \$10,412, respectively, were improperly classified in the Enterprise funds as interest and fiscal charges and capital outlay;
- Estimated receipts were decreased \$14,967 in the Enterprise funds in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;

Additionally, immaterial errors not requiring adjustment to the financial statements were noted in the classification of certain receipt transactions and classification of fund balances ranging from \$2,855 to \$30,000.

The accompanying financial statements have been adjusted to reflect the necessary changes.

Sound financial reporting is the responsibility of the Fiscal Officer and the 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: <https://ohioauditor.gov/publications/OhioVillageOfficersHandbook2014.pdf>

Officials' Response:

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

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Ohio Administrative Code 117-2-01 (A) and (D) for the lack of adequate internal controls over dock receipts.	Yes	
2011-002	Ohio Rev. Code § 5705.10 (D) for posting revenues to the incorrect fund.	Yes	
2011-003	Material weakness for failure to appropriately record on-behalf grant and loan activity.	No	Partially corrected reducing this to a Management Letter comment.
2011-004	Ohio Rev. Code § 5705.39 for appropriations exceeding estimated resources.	No	Partially corrected reducing this to a Management Letter comment.

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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
AUGUST 7, 2014

APPENDIX B
FINANCIAL STATEMENT

FINANCIAL STATEMENT
MUNICIPALITY
Section 133.05, O.R.C.

STATE OF OHIO)
) SS.
COUNTY OF OTTAWA)

I, Joy Cooper, of the Municipality of Put-in-Bay State of Ohio,
do hereby certify that the following statements concerning the finances of said municipality are true and correct as they appear from the records in my office:

1. ASSESSED VALUATION of the taxable property of the municipality, as shown on the tax duplicate for the year 2013:	\$ <u>43,077,510</u>
2. Total of all bonds and bonds or other evidence of indebtedness issued and outstanding, INCLUDING THE PRESENT ISSUE of \$ <u>4,240,000</u> *:	\$ <u>6,470,000*</u>
3. Exempt Debt:	
(A) Securities issued under Chapter 122., 140., 165., 725., or 761., or Section 131.23, O.R.C.:	\$ _____
(B) Securities issued to pay costs of permanent improvements to the extent they are issued in anticipation of the receipt of, and are payable as to principal from, federal or state grants for that principal or for the costs of those permanent improvements.	\$ <u>2,230,000</u>
(C) Securities issued to evidence loans from the state capital improvements fund pursuant to Chapter 164, O.R.C.	\$ _____
(D) Other securities, including self-supporting securities, excepted by law from the calculation of net indebtedness for from the application of Chapter 133, O.R.C.	\$ <u>3,770,000</u>
(E) Any other securities outstanding on October 30, 1989, and then excepted from the calculation of net indebtedness or from the application of Chapter 133, O.R.C., and securities issued at any time to fund or refund those securities	\$ _____
(F) Self-supporting securities issued for any purposes including, without limitations, any of the following general purposes:	
(a) Water systems or facilities;	\$ _____
(b) Sanitary sewerage systems or facilities, or surface and storm water drainage and sewerage systems or facilities or a combination of those systems or facilities;	\$ _____
(c) Electric plants and facilities and steam or cogeneration facilities that generate or supply electricity, or steam and electrical or steam distribution systems and lines;	\$ _____
(d) Airports or landing fields or facilities;	\$ _____
(e) Railroads, rapid transit and other mass transit systems;	\$ _____
(f) Off-street parking lots facilities or buildings or on-street parking facilities, or any combination of off-street and on-street parking facilities;	\$ _____
(g) Facilities for the care or treatment of the sick or infirm, and for housing and persons providing such care or treatment and their families;	\$ _____
(h) Solid waste or hazardous waste collection or disposal facilities, or resource recovery and solid or hazardous waste recycling facilities, or any combination of those facilities;	\$ _____
(i) Urban redevelopment projects;	\$ _____
(j) Recreational, sports, convention, auditorium, museum, trade show, and other public attraction facilities;	\$ _____
(k) Facilities for natural resources exploration, development, recovery, use, and sale;	\$ _____
(l) Correctional and detention facilities, including multicounty municipal jails, and related rehabilitation facilities.	\$ _____
(G) Securities issued for the purpose of purchasing, constructing, improving, or extending water or sanitary or surface and storm water sewerage systems or facilities, or a combination of those systems or facilities, to the extent that an agreement entered into with another subdivision requires the other subdivision to pay to the municipal corporation amounts equivalent to debt charges on the securities	\$ _____
(H) Securities issued under order of the director of health or director of environmental protection under Section 6109.18, O.R.C.	\$ _____
(I) Securities issued under Section 3, 10, or 12 of the Article XVIII, Ohio Construction	\$ _____
(J) Securities that are not general obligations of the municipal corporation	\$ _____
(K) Voted securities issued for the purposes of urban redevelopment to the extent that their principal amount does not exceed an amount equal to two percent of the tax valuation of the municipal corporation	\$ _____

* Preliminary; subject to change.

- (L) Unvoted general obligation securities to the extent that the legislation authorizing them includes covenants to appropriate annually from lawfully available municipal income taxes or other municipal excises or taxes, including taxes referred to in section 701.06 of the Revised Code but not including ad valorem property taxes, and to continue to levy and collect municipal income taxes or other applicable excise taxes in, amounts necessary to meet the debt charges on those securities. \$ _____
- (M) Self-supporting securities issued prior to July 1, 1997, under Chapter 133, O.R.C. for the purpose of municipal university residence halls to the extent that revenues of the successor state university allocated to debt charges on those securities, from sources other than municipal excises and taxes, are sufficient to pay those debt charges \$ _____
- (N) Securities issued for the purpose of acquiring or constructing roads, Highways, bridges or viaducts or acquiring or making other highway permanent improvements or for the purpose of procuring and maintaining computer systems for the office of the clerk of the Municipal Court to the extent that the legislation authorizing the issuance of the securities includes a covenant to appropriate from money distributed to the municipal corporation pursuant to Chapter 4501., 4503., 4504., or 5735. of the Revised Code a sufficient amount to cover debt charges on and financing costs relating to the securities as they become due \$ _____
- (O) Securities issued for the purpose of providing some or all of the funds required to satisfy the municipal corporation's obligation under an agreement with the board of trustees of the police and fireman's disability and pension fund under section 742.30 of the Revised Code \$ _____
- (P) Securities issued for the acquisition, construction, equipping, and improving of a municipal educational and cultural facility under division (B)(2) of section 307.672 of the Revised Code \$ _____
- (Q) Securities issued for energy conservation measures under section 717.02 O.R.C. \$ _____
- (R) Securities that are obligations issued to pay costs of a sports facility under section 307.673 O.R.C. \$ _____
- (S) Special assessment bonds or bonds issued in anticipation of the levy or collection of special assessments, either in original or refunded form \$ _____
- (T) Securities issued in anticipation of the collection of current revenue for the fiscal year or other period not to exceed twelve consecutive months, or securities issued in anticipation of the collection of the proceeds from the specifically identified voter approved tax levy \$ _____
- (U) General Obligation Securities issued purposes under Section 133.12, O.R.C. \$ _____
- (V) Bonds issued to pay final judgment or court approved settlements under authorizing laws and securities issued under Section 2744.081, O.R.C. \$ _____
- (W) Other types of exempt debt: \$ _____
Specify: _____

TOTAL \$ 6,000,000

- 4. Total bonds and bonds subject to 10 – ½% limitation (2 minus 3) \$ 470,000
 - (A) Amount in sinking fund or bond retirement fund applicable to the payment of principal: \$ -0-
 - (B) Net amount subject to 10 – ½% limitation: \$ 470,000
- 5. Bonds and bonds included in item 4 above but issued WITHOUT AUTHORITY OF AN ELECTION. \$ 470,000
 - (A) Amount in sinking fund or bond retirement fund applicable to the payment of principal: \$ -0-
 - (B) Net amount subject to 5 – ½% limitation: \$ 470,000
- 6. Bonds and bonds included in items 4 and 5 above, issued during PRESENT CALENDAR YEAR WITHOUT AUTHORITY OF AN ELECTION \$ _____

I FURTHER CERTIFY (a) that the income from the municipal docks for which bonds were issued as included in item 3(D) above is sufficient to cover all operating expenses of such facilities and interest charges on such bonds and to provide a sufficient amount for retirement of sinking fund to retire \$3,770,000 principal amount of such bonds as they become due.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of September, 2014.

Village Financial Officer

Peck, Shaffer & Williams, A division of Dinsmore & Shohl LLP
BOND ATTORNEYS
CINCINNATI AND COLUMBUS, OHIO

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**APPENDIX C
TEN-MILL CERTIFICATE**

**TEN-MILL CERTIFICATE
FOR POLITICAL SUBDIVISIONS ISSUING UNVOTED GENERAL OBLIGATION BONDS AND NOTES**

The undersigned, COUNTY AUDITOR of Ottawa County, Ohio, hereby certifies in connection with a proposed issue of Bonds of the Village of Put-in-Bay in the principal amount of \$[], dated , 2014 that the rates required to produce the highest annual debt charges for the proposed issue and all other issues of said subdivision and the subdivisions overlapping it, which are payable from taxes subject to the 10 mill limitation of Article XII, Section 2, Ohio Constitution, based upon the facts hereinafter set forth and assuming that all levies were to be made therefor on the general tax duplicate are as follows:

Overlapping Subdivision	Assessed Valuation	Bonds and Notes Outstanding	Present Principal Amount	Debt Charges for fiscal year in which they will total the highest, to-wit, 2015		Required Tax Rate for Two Previous Columns
				for Principal	for Interest	
<u>Ottawa</u> County	<u>\$1,736,861,240</u>	Bonds & Notes payable from taxes inside 10 mill limitation:	<u>\$14,607,330</u>	\$ <u>1,029,600</u>	\$ <u>644,859</u>	<u>0.9646</u> MILLS
<u>Put-in-Bay</u> City or Village	<u>\$43,077,510</u>	Bonds & Notes payable from taxes inside 10 mill limitation:	<u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	<u>0.0000</u> MILLS
<u>Put-in-Bay Local</u> School District	<u>\$121,457,610</u>	Bonds & Notes payable from taxes inside 10 mill limitation:	<u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	<u>0.0000</u> MILLS
<u>Put-in-Bay</u> Township	<u>\$154,741,090</u>	Bonds & Notes payable from taxes inside 10 mill limitation:	<u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	<u>0.0000</u> MILLS
Proposed Issue				\$ <u> </u>	\$ <u> </u>	<u> </u> MILLS
TOTAL						<u> </u> MILLS

DATED this day of September, 2014

COUNTY AUDITOR

Peck, Shaffer & Williams, A division of Dinsmore & Shohl LLP
BOND ATTORNEYS
CINCINNATI AND COLUMBUS, OHIO

APPENDIX D
DRAFT OPINION OF BOND COUNSEL

(Opinion of Bond Counsel)

(Date of Issuance)

Fifth Third Securities, Inc.
Cleveland, Ohio

We have served as bond counsel to our client, the Village of Put-in-Bay, Ohio (the "Issuer") and in that capacity we have examined the transcript of proceedings (the "Transcript") relating to the Issuer's \$ _____ Municipal Dock Improvement Project Bonds, Series 2014 (the "Bonds"), dated September __, 2014. In our capacity as bond counsel we have also examined other documents, matters and law as we have deemed necessary to render the opinion below.

We have relied on the certified matters contained in the Transcript and certifications of public officials and others that have been furnished to us regarding questions of fact material to our opinions, without undertaking to verify the same by independent investigation. In addition, we have assumed the due and legal authorization, execution and delivery of the documents we have examined, and the valid, binding and enforceable nature of those documents upon the parties, other than the Issuer.

Based on that examination and on the laws, regulations, rulings and judicial decisions in effect on the date hereof, and subject to the limitations stated below, we are of the opinion that:

1. The Bonds have been duly authorized and executed by the Issuer, and constitute valid general obligations of the Issuer in accordance with their terms. Unless paid from other sources, the Bonds are payable from an ad valorem tax to be levied upon all the taxable property in the Issuer, within the limitation prescribed by law.

2. Interest on the Bonds is excludible from gross income for federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. Failure to comply with certain of such requirements may cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

3. Interest on the Bonds is exempt from taxes levied by the State of Ohio and its subdivisions, including the Ohio personal income tax, the Ohio commercial activity tax, Ohio municipal, school district and joint economic development district income taxes and is also excludible from the net income base used in calculating the Ohio corporate franchise tax.

The Issuer has deemed the Bonds as "qualified tax-exempt obligations" with respect to investments by certain financial institutions under Section 265 of the Code.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds are subject to (i) bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws in effect from time to time affecting creditors' rights, (ii) the application of equitable principles, whether considered at law or in equity, (iii) the exercise of judicial discretion and (iv) limitations on legal remedies against public entities.

We express no opinion herein regarding the accuracy, adequacy, or completeness of any offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to purchasing, holding or disposing of the Bonds other than as expressly set forth herein.

The opinions rendered in this letter are given as of the date hereof, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. We assume no obligation to revise or supplement the opinions in this letter to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may occur hereafter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

Very truly yours,

