

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY**

**FINANCIAL STATEMENTS**  
**AND OTHER SUPPLEMENTARY INFORMATION**  
**AND**  
**INDEPENDENT AUDITORS' REPORTS**

**DECEMBER 31, 2007 AND 2006**





# Mary Taylor, CPA

Auditor of State

Board of Directors  
Put-In-Bay Port Authority  
1494 Langram Road  
P. O. Box 278  
Put-In-Bay, Ohio 43456

We have reviewed the *Independent Auditors' Report* of the Put-In-Bay Port Authority, Ottawa County, prepared by Gilmore, Jasion & Mahler, LTD, for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Put-In-Bay Port Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

February 23, 2009

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## CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT .....	3 - 4
STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES – ALL GOVERNMENTAL FUND TYPES .....	5
NOTES TO FINANCIAL STATEMENTS .....	6 - 10
SUPPLEMENTARY INFORMATION:	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	11
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	12
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING</i> <i>STANDARDS</i> .....	13 – 14
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	15 – 16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	17 – 18
SCHEDULE OF STATUS OF PRIOR YEAR (2006) AUDIT FINDINGS.....	19

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# GILMORE, JASION & MAHLER, LTD

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Put-in-Bay Township Port Authority  
Put-in-Bay, Ohio

We have audited the accompanying statements of cash receipts, cash disbursements, and changes in cash balances – all governmental fund types of Put-in-Bay Township Port Authority (The Authority), an Ohio body politic and corporate for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Kevin M. Gilmore, CPA, CVA

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Adele M. Jasion, CPA

J. Stephen Schmitt, CPA

Philip J. Newlove, CPA

As described more fully in Note 1, the Authority has prepared its financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Linda J. Hillstrom, CPA

Charles F. Heid, CPA

Revisions to GAAP would require the Authority to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. While the Authority does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Authority has elected not to reformat its statements. Since this Authority does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Robert A. Bobek, CPA

Kathie M. Iott, CPA

Terry R. Thomas, CPA

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Jeffrey S. Denning, CPA/ABV/CFF

Andrew L. Mahler, Retired

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the statements of cash receipts, cash disbursements, and changes in cash balances – all governmental fund types of the Authority for the years ended December 31, 2007 and 2006 on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Authority to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Authority has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2008 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Gilmore, Jason & Mahler, LTD*

December 3, 2008



**PUT-IN-BAY TOWNSHIP PORT AUTHORITY  
OTTAWA COUNTY  
STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
For the Years Ended December 31, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
<b>Cash receipts</b>		
Federal grant	\$ 1,237,755	\$ 766,072
Fees	176,395	256,032
Property taxes	76,325	77,035
Mooring buoy	20,075	57,267
State and local grants	72,861	52,805
Rental income	16,875	10,300
Miscellaneous	797	600
Total cash receipts	1,601,083	1,220,111
<b>Cash disbursements</b>		
General government	215,736	210,050
Port development	23,352	30,029
Capital outlay	1,273,745	1,065,231
Total cash disbursements	1,512,833	1,305,310
<b>Excess (deficit) of cash receipts over cash disbursements</b>	88,250	(85,199)
Other financing uses		
Loan payments	(59,663)	(55,463)
Total other financing uses	(59,663)	(55,463)
Net excess (deficit) of cash receipts and other financing sources over cash disbursements and other financing uses	28,587	(140,662)
Fund cash balance, beginning of the year	35,249	175,911
Fund cash balance, end of the year	\$ 63,836	\$ 35,249

The accompanying notes are an integral part of these financial statements.

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY  
OTTAWA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006**

**Note 1-Summary of significant accounting and reporting policies**

**Nature of business and organization**

The Put-In-Bay Township Port Authority, Ottawa County (The Authority) is a body politic and corporate established by the Put-In-Bay Township Trustees pursuant to Chapter 4582 of the Ohio Revised Code to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority is directed by a Board, whose members are appointed by the Township Trustees. All appointments are for a period of four years. The Authority is responsible for the safe and efficient operation and maintenance of the airport.

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

**Joint venture**

In August of 2003, the Authority entered into a joint venture agreement with MBD Holding, LLC (MBD) to complete the rehabilitation of a ferry facility at Middle Bass Island. The total estimated cost of the project is approximately \$1,750,000. The Authority's sole responsibility in this joint venture is to complete and submit applications for federal rehabilitation grants totaling approximately \$1,250,000. MBD Holding is responsible to fund the additional rehabilitation costs totaling approximately \$500,000.

The ferry facility is owned 51% by the Authority and 49% by MBD. MBD will be responsible for all cost of maintaining and operating the ferry facility and is entitled to retain all revenue collected from the operations. MBD is required to pay a grant administrative fee to the Authority equal to 1.5% of the grant amounts awarded and an annual administrative fee of \$5,000 in years one through five and \$6,500 in years six through twenty. MBD has the authority to negotiate the sale of the ferry facility and the Authority has the right of first refusal.

**Basis of accounting**

These financial statements follow a basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain disbursements are recognized when paid rather than when the liability is incurred.

**Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**Fund accounting**

The Authority maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, and accounting entity which stands separate from the activities reported in other funds. The Authority classifies its funds into the following fund:

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY**  
**OTTAWA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS-CONTINUED**  
**December 31, 2007 and 2006**

**Note 1-Summary of significant accounting and reporting policies-continued**

**General fund** - The General fund is the general operating fund of the Authority. It is used to account for all financial resources except those required by law or contract to be restricted.

**Budgetary process**

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

**Encumbrances** - The Ohio Revised Code requires the Authority to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2007 and 2006 budgetary activities appears in Note 3.

**Property, plant and equipment**

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

**Unpaid vacation and sick leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Authority.

**Property tax calendar**

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Board of Directors. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State. Payments are due to Ottawa County by December 31. If the property owner elects to make semiannual payment, 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 Township.

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY  
OTTAWA COUNTY  
NOTES TO FINANCIAL STATEMENTS-CONTINUED  
December 31, 2007 and 2006**

**Note 2-Cash**

The carrying amount of cash was as follows:

	<u>2007</u>	<u>2006</u>
Cash on hand	\$ 225	\$ 225
Demand deposits	63,611	35,024
Total	<u>\$ 63,836</u>	<u>\$ 35,249</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Note 3-Budgetary activity**

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Original Budgeted Receipts</u>	<u>Final Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,543,600	\$ 1,543,600	\$ 1,601,083	\$ (57,483)

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Original Appropriation</u>	<u>Final Appropriation</u>	<u>Actual Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,543,600	\$ 1,543,600	\$ 1,572,496	\$ (28,896)

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Original Budgeted Receipts</u>	<u>Final Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,700,000	\$ 1,700,000	\$ 1,220,111	\$ 479,889

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Original Appropriation</u>	<u>Final Appropriation</u>	<u>Actual Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,700,000	\$ 1,700,000	\$1,360,773	\$ 339,227

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY  
OTTAWA COUNTY  
NOTES TO FINANCIAL STATEMENTS-CONTINUED  
December 31, 2007 and 2006**

**Note 4-Debt**

The Authority is obligated to make payments to Ottawa County, Ohio for various purpose bonds issued by Ottawa County. The bonds were issued in 2003 and have various maturity dates ranging from six months to thirteen years. The bonds bear interest at various rates ranging from 1.75% to 5%. The bonds are collateralized by substantially all revenues the Authority collects except for federal funds.

The following is a summary of the notes and bonds payable activity for the year ended December 31, 2007 and 2006:

	<b>Bonds Payable</b>
Notes and Bonds Payable at December 31, 2005	\$ 475,000
2006 Principal payments	(40,000)
Notes and Bonds Payable at December 31, 2006	435,000
2007 Principal payments	(45,000)
Notes and Bonds Payable at December 31, 2007	\$ 390,000

The following are principal and interest payments due on the bonds payable as of December 31, 2007:

Years Ending December 31,	Principal	Interest
2008	\$ 45,000	\$ 13,650
2009	45,000	12,525
2010	45,000	11,400
2011	50,000	10,050
2012	50,000	8,550
2013-2015	155,000	14,925
Total bonds payable	\$ 390,000	\$ 71,100

**Note 5-Retirement system**

The Authority's three employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, defined benefit pension, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642.

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY  
OTTAWA COUNTY  
NOTES TO FINANCIAL STATEMENTS-CONTINUED  
December 31, 2007 and 2006**

**Note 5-Retirement system-continued**

Contribution rates are also prescribed by the Ohio Revised Code. For 2007, 2006 and 2005, PERS members contributed 9.5%, 9.0% and 8.5% of their gross salaries, respectively. The Authority contributed an amount equal to 13.85% of participants' gross salaries for 2007, 13.70% for 2006 and 13.55% for 2005. The contribution rates are determined actuarially. The Authority's contribution to PERS for the years ended December 31, 2007, 2006 and 2005 was \$15,667, \$13,404 and \$8,741, respectively. The Authority has paid all contributions required through December 31, 2007.

**Note 6-Risk management**

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and liability
- Errors and omissions

The Authority also provides health insurance to full-time employees through a private carrier.

**Note 7-Significant contractual commitments**

The Authority has several outstanding commitments for construction projects. The following amounts remain on these projects as of December 31, 2007:

Project	Remaining Commitment
Terminal Renovation	\$ 39,000
Water Line Project	\$ 237,000
Middle Bass Airport	\$ 85,000
Root Parcel	\$350,000

**Note 8-Contingencies**

**Grants**

The Authority receives financial assistance from various governmental agencies in the form of grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and contracts, and are subject to audit by the grantor and contracting agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2007 and 2006.

**SUPPLEMENTARY INFORMATION**

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY  
OTTAWA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2007**

<u>Federal Grantor /Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Transportation</b>		
Direct award:		
Federal Aviation Administration		
Airport Improvement Program	20.106	\$ 1,084,979
Total expenditures of federal awards		<u>\$ 1,084,979</u>

The accompanying note is an integral part of this schedule.



**PUT-IN-BAY TOWNSHIP PORT AUTHORITY**  
**OTTAWA COUNTY**  
**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2007**

**Note 1-Basis of presentation**

The accompanying schedule of expenditures of federal awards includes all federal grant activity of Put-in-Bay Township Port Authority and is prepared on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

The federal program requires that the Authority contribute non-Federal funds to support the federally funded program. The Authority has complied with the matching requirements. The expenditure of non-Federal matching funds is not included in the Schedule of Expenditures of Federal Awards.

# GILMORE, JASION & MAHLER, LTD

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Put-in-Bay Township Port Authority  
Put-in-Bay, Ohio

We have audited the financial statements of Put-in-Bay Township Port Authority (The Authority) as of and for the year ended December 31, 2007, and have issued our report thereon, dated December 3, 2008, wherein we noted the Authority followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Kevin M. Gilmore, CPA, CVA

Adele M. Jasion, CPA

J. Stephen Schult, CPA

Philip J. Newlove, CPA

Linda J. Hillstrom, CPA

Charles F. Heid, CPA

Robert A. Bobek, CPA

Kathi M. Iott, CPA

Terry R. Thomas, CPA

Jeffrey S. Denning, CPA/ABV/CFE

Andrew L. Mahler, Retired

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered The Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Put-in-Bay Township Port Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Put-in-Bay Township Port Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes or permits such that there is more than a remote likelihood that a misstatement of the entity's financial statements is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Put-in-Bay Township Port Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2007-01.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Gilmore, Jason & Mahler, LTD*

December 3, 2008

# GILMORE, JASION & MAHLER, LTD

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
Put-in-Bay Township Port Authority  
Put-in-Bay, Ohio

### Compliance

We have audited the compliance of Put-in-Bay Township Port Authority (The Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

Kevin M. Gilmore, CPA, CVA

Adele M. Jasion, CPA

J. Stephen Schult, CPA

Philip J. Newlove, CPA

Linda J. Hillstrom, CPA

Charles F. Heid, CPA

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

Robert A. Bobek, CPA

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Kathie M. Iott, CPA

### Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Terry R. Thomas, CPA

Jeffrey S. Denning, CPA/ABV/CFE

Andrew L. Mahler, Retired

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

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

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Gilmore, Jason & Mahler, LTD*

December 3, 2008

**Schedule of Findings  
December 31, 2007**

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

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Adverse: GAAP Unqualified: Regulatory Basis
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	Yes

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

**Identification of major programs**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.106	<b>Federal Aviation Administration</b>
Dollar threshold used to distinguish between type A and type B programs	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	Yes

**Schedule of Findings  
December 31, 2007**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE PRESENTED IN ACCORDANCE WITH GAGAS – CONTINUED**

**Section II – Financial Statement Findings  
FINDING NUMBER 2007-01**

**Noncompliance Citation**

Ohio Revised Code § 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The Authority's General Fund expenditures exceeded appropriations by \$28,896 as of December 31, 2007.

The failure to limit appropriations to estimated revenues and expenditures could result in expenditures exceeding available resources. The Authority should review estimated resources and expenditures prior to appropriating the funds. The Executive Director should deny payment requests exceeding appropriations. The Executive Director may request Board of Directors to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**Management response**

Management will implement procedures to compare actual expenditures against appropriated funds, and if necessary request from the board an increase in appropriations and amending estimated resources.

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY  
OTTAWA COUNTY  
SCHEDULE OF STATUS OF PRIOR YEAR (2006) AUDIT FINDINGS  
For the Year Ended December 31, 2007**

**Section III – Federal Award Findings and Questioned Costs**

No findings in 2006.





**Mary Taylor, CPA**  
Auditor of State

**PUT-IN-BAY PORT AUTHORITY**

**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  
MARCH 5, 2009**