

PUT-IN-BAY TOWNSHIP PORT AUTHORITY

FINANCIAL STATEMENTS
AND OTHER SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITORS' REPORTS

DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA

Auditor of State

Board of Directors
Put-In-Bay Township 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 Township Port Authority, Ottawa County, prepared by Gilmore, Jason & Mahler, LTD, for the audit period January 1, 2008 through December 31, 2008. 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 Township Port Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 7, 2009

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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, 2008 and 2007. 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.

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.

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.

Revisions to GAAP would require the Authority to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. While the Authority does not follow GAAP, generally accepted auditing standards require 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.

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, 2008 and 2007, or its changes in financial position for the years then ended.

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, 2008 and 2007 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, 2008 and 2007. 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 September 10, 2009 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 on 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

September 10, 2009

**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, 2008 and 2007**

	2008	2007
Cash receipts		
Federal grant	\$ 567,452	\$ 1,237,755
Fees	181,940	176,395
Property taxes	78,673	76,325
Mooring buoy	60,968	20,075
State and local grants	17,357	72,861
Rental income	8,575	16,875
Miscellaneous	2,133	797
Total cash receipts	917,098	1,601,083
Cash disbursements		
General government	220,915	215,736
Port development	12,033	23,352
Capital outlay	691,983	1,273,745
Total cash disbursements	924,931	1,512,833
Excess (deficit) of cash receipts over cash disbursements	(7,833)	88,250
Other financing uses		
Loan payments	(28,650)	(59,663)
Total other financing uses	(28,650)	(59,663)
Net excess (deficit) of cash receipts and other financing sources over cash disbursements and other financing uses	(36,483)	28,587
Fund cash balance, beginning of the year	63,836	35,249
Fund cash balance, end of the year	\$ 27,353	\$ 63,836

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, 2008 and 2007

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 costs 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.

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. All transactions are accounted for in a single fund, the General fund. The General Fund is used for all financial resources except those required by law or contract to be restricted.

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY
OTTAWA COUNTY
NOTES TO FINANCIAL STATEMENTS-CONTINUED
December 31, 2008 and 2007**

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

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 2008 and 2007 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, 2008 and 2007**

Note 2-Cash

The carrying amount of cash was as follows:

	<u>2008</u>	<u>2007</u>
Cash on hand	\$ 225	\$ 225
Demand deposits	27,128	63,611
Total	<u>\$ 27,353</u>	<u>\$ 63,836</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

2008 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	\$ 1,471,100	\$ 1,471,100	\$ 917,098	\$ 546,618

2008 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	\$ 1,471,100	\$ 1,471,100	\$ 953,580	\$ 510,136

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)

PUT-IN-BAY TOWNSHIP PORT AUTHORITY
OTTAWA COUNTY
NOTES TO FINANCIAL STATEMENTS-CONTINUED
December 31, 2008 and 2007

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, 2008 and 2007:

	Bonds Payable
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
2008 Principal payments	(15,000)
Notes and Bonds Payable at December 31, 2008	\$ 375,000

The Authority paid \$15,000 of the required \$45,000 bond payment on the bonds payable during the year ended December 31, 2008. The amount in arrears totaling \$30,000 was paid in 2009. The following are principal and interest payments due on the bonds payable as of December 31:

Years Ending December 31,	Principal	Interest
2009	\$ 75,000	\$ 12,525
2010	45,000	11,400
2011	50,000	10,050
2012	50,000	8,550
2013	50,000	7,825
2014-2015	105,000	8,000
Total bonds payable	\$ 375,000	\$ 58,350

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, 2008 and 2007

Note 5-Retirement system-continued

Contribution rates are also prescribed by the Ohio Revised Code. For 2008, 2007 and 2006, PERS members contributed 10.0%, 9.5% and 9.0% of their gross salaries, respectively. The Authority contributed an amount equal to 14% of participants' gross salaries for 2008, 13.85% for 2007 and 13.70% for 2006. The contribution rates are determined actuarially. The Authority's contribution to PERS for the years ended December 31, 2008, 2007 and 2006 was \$12,094, \$10,985 and \$9,207, respectively. The Authority has paid all contributions required through December 31, 2008.

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, 2008:

Project	Remaining Commitment
Helipad Lighting	\$ 1,540
Drainage Improvements	\$ 63,325
Wetland Mitigation	\$ 12,500

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, 2008 and 2007.

PUT-IN-BAY TOWNSHIP PORT AUTHORITY
OTTAWA COUNTY
NOTES TO FINANCIAL STATEMENTS-CONTINUED
December 31, 2008 and 2007

Note 9-Subsequent events

During 2009 the Authority's property tax renewal levy was defeated. The Board of Directors implemented a plan to reduce operating costs, including laying off all employees, to allow the Authority sufficient funds to pay current liabilities as they come due. Furthermore the Board of Directors anticipates placing on future ballots the renewal of the property tax levy.

SUPPLEMENTARY INFORMATION

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY
OTTAWA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2008**

<u>Federal Grantor /Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation		
Direct award:		
Federal Aviation Administration		
Airport Improvement Program	20.106	\$ 539,719
Total expenditures of federal awards		<u>\$ 539,719</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, 2008

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, 2008, and have issued our report thereon, dated September 10, 2009, 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.

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. We consider the deficiencies described in the accompanying schedule of findings and responses, item 2008-01, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material 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. However, we consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

September 10, 2009





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, 2008. The Authority's major federal program is identified in the summary of auditors' 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.

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.

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, 2008.

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.

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

September 10, 2009



**PUT-IN-BAY TOWNSHIP PORT AUTHORITY
OTTAWA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2008**

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?	Yes
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

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	Federal Aviation Administration
Dollar threshold used to distinguish between type A and type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY
OTTAWA COUNTY
SCHEDULE OF STATUS OF PRIOR YEAR (2007) AUDIT FINDINGS
For the year ended December 31, 2008**

**Section II – Financial Statement Findings
FINDING NUMBER 2008-01**

Noncompliance Citation

Finding 2008-01

Condition

During 2009 the Authority laid off all employees requiring the Board of Directors to become active in the Authority's operations. Due to the small size of the office staff of the Authority, there was an inadequate segregation of accounting duties. In order to maintain adequate control, segregation of accounting duties should be implemented, specifically in the cash disbursements, payroll and all other accounting functions. For example check signers should not be involved in the preparation of cash disbursements and should review all supporting documentation prior to signing the check. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Cause

The lack of segregation of duties is due to the limited size of the office staff.

Recommendation

Due to the small office environment, we recommend that procedures be developed that ensure reviews are being performed on the Authority's financial information. The reviews should be done by an individual not related to the preparation function.

Management's response

New Procedures have been developed by the Put-in-Bay Township Port Authority Board of Directors in response to the above finding.

Port Authority disbursements are made by check once a Board Member approves and signs the corresponding voucher with all supporting documents attached. All checks will be written and signed by two board members when a signed voucher with supporting documents is presented for signature.

The Secretary Treasurer will present for review to the Board of Directors at its scheduled monthly meeting a month end and year to date financial statement including a copy of the previous months check and voucher register.

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY
OTTAWA COUNTY
SCHEDULE OF STATUS OF PRIOR YEAR (2007) AUDIT FINDINGS
For the year ended December 31, 2008**

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

Status

During 2008 the Authority's General Fund expenditures did not exceed appropriations.



Mary Taylor, CPA
Auditor of State

PUT-IN-BAY TOWNSHIP 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
OCTOBER 19, 2009**