

***PUT IN BAY TOWNSHIP PORT AUTHORITY
OTTAWA COUNTY, OHIO***

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Trustees
Put-in-Bay Township Port Authority
1494 Langram Road
Put-in-Bay, Ohio 43456

We have reviewed the *Independent Accountants' Report* of the Put-in-Bay Township Port Authority, Ottawa County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. 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 Accountants' 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 Accountants' 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 12, 2012

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**PUT-IN-BAY TOWNSHIP PORT AUTHORITY
OTTAWA COUNTY
For the Year Ended December 31, 2011**

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Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

Put-in-Bay Township Port Authority
Ottawa County
1494 Langram Road
Put-in-Bay, Ohio 43456

To the Board of Trustees:

We have audited the accompanying financial statements of the Put-in-Bay Township Port Authority, Ottawa County, (the Authority) as of and for the year ended December 31, 2011. 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 audit.

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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Authority has prepared these 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.

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 GAAP presentation requirements. The Auditor of State permits, but does not require Port Authorities to reformat their statements. The Authority has elected not to follow GAAP statement formatting requirements. 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 for the year ended December 31, 2011 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, 2011, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances as of December 31, 2011 of the Put-in-Bay Township Port Authority, Ottawa County, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Put-in-Bay Port Authority adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the financial statements that comprise the Port Authority's financial statements taken as a whole. The schedule of expenditures of federal awards provides additional information required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The schedule of expenditures of federal awards is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



CHARLES E. HARRIS & ASSOCIATES, INC.

May 12, 2012

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | 2011 |
|--|------------------|
| Cash Receipts: | |
| Federal grant | \$781,122 |
| Fees | 95,628 |
| Property taxes | 115,069 |
| Mooring buoy | 30,000 |
| State and local grants | 19,618 |
| Rental income | 8,875 |
| Miscellaneous | 3,941 |
| Total Cash Receipts | 1,054,253 |
| Cash Disbursements: | |
| Current: | |
| General government | 38,069 |
| Port development | 42,401 |
| Capital Outlay | 801,038 |
| Debt Service: | |
| Redemption of Principal | 50,000 |
| Interest and Other Fiscal Charges | 10,050 |
| Total Cash Disbursements | 941,558 |
| Net Change in Fund Cash Balances | 112,695 |
| Fund Cash Balances, January 1 | 33,345 |
| Fund Cash Balances, December 31 | |
| Unassigned | 146,040 |
| <i>Fund Cash Balances, December 31</i> | \$146,040 |

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

**PUT-IN-BAY PORT AUTHORITY
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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 the 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.

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 Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

C. Deposits and Investments

The Authority'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.

The Authority maintains cash in interest bearing checking account.

D. 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, an 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.

E. Property, Plant, and Equipment

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

1. Summary of Significant Accounting Policies (continued)

F. Budgetary Process

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

1. Appropriations

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

3. 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 2011 budgetary activity appears in Note 3.

G. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Authority 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

1. Summary of Significant Accounting Policies (continued)

3. Committed

The Board can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

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 the Board or an Authority 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 Authority 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.

2. Equity in Pooled Deposits and Investments

The Authority maintains a deposit pool for its use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

| | |
|-----------------|---------------------------------|
| Demand Deposits | <u>2011</u> <u>\$146,040</u> |
| Total Deposits | <u><u>\$146,040</u></u> |

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

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2011 follows:

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

3. Budgetary Activity (continued)

| 2011 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 1,142,200 | \$ 1,054,253 | \$ (87,947) |

| 2011 Budgeted vs. Actual Budgetary Basis Disbursements | | | |
|--|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Disbursement | Variance |
| General | \$ 1,061,300 | \$ 941,558 | \$ 119,742 |

4. Debt

Debt outstanding at December 31, 2011 was as follows:

| | Principal | Interest Rate |
|------------------------|------------|---------------|
| Note and Bond Payable | \$ 205,000 | 1.75 - 5% |
| Loan from PIB Township | 57,525 | 0% |
| Total | \$ 262,525 | |

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 13 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.

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

| Year | Principal | Interest | Total |
|--------------------------|------------|-----------|------------|
| 2012 | \$ 50,000 | \$ 8,550 | \$ 58,550 |
| 2013 | 50,000 | 6,925 | 56,925 |
| 2014 | 50,000 | 5,250 | 55,250 |
| 2015 | 55,000 | 2,750 | 57,750 |
| Payable to Ottawa County | 205,000 | 23,475 | 228,475 |
| Payable to PIB Township | 57,525 | - | 57,525 |
| Total bonds payable | \$ 262,525 | \$ 23,475 | \$ 286,000 |

5. Risk Management

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

5. Risk Management (continued)

Settled claims have not exceeded this commercial coverage in any of the last three years. The Authority has not reduced coverages from last year.

6. Contingent Liabilities

Management claims there are no pending claims or lawsuits.

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

7. Joint Ventures

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 \$1,300,000. The Authority's sole responsibility in this joint venture is to complete and submit applications for federal rehabilitation grants. In 2010, the Authority received \$800,000 in stimulus monies. MBD Holding is responsible for funding 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, \$6,500 in years six through 20, and then \$7,500 in years 21 to 25. MBD has the authority to negotiate the sale of the ferry facility and the Authority has the right of first refusal.

8. Property Taxes

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by the 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 a 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 Port Authority. 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 Authority's property tax levy was passed in 2010. The Authority started receiving property taxes from this levy in 2011.

Put-in-Bay Township Port Authority
Ottawa County
Schedule of Expenditures of Federal Awards
For the Year Ending December 31, 2011

| Federal Grantor/Pass Through Grantor Number/Program Title | Pass Through Entity Number | CFDA Number | Federal Expenditures |
|--|----------------------------------|----------------|--------------------------|
| U.S. Department of Transportation | | | |
| Direct Program | | | |
| <i>Highway Planning and Construction (FAHP):</i> | | | |
| Middle Bass Dock PH3 - ARRA | 87334 | 20.205 | \$ 178,008 |
| <i>Federal Aviation Administration:</i> | | | |
| Middle Bass Island Airport Grant | 3-39-0124-1711 | 20.106 | (781) |
| | 3-39-0124-1610 | 20.106 | 5,938 |
| | 3-39-0124-1509 | 20.106 | 36,447 |
| | 3-39-0124-1407 | 20.106 | 2,336 |
| Put-In-Bay Airport Grant | 3-39-0122-1710 | 20.106 | 159,766 |
| | 3-39-0122-1609 | 20.106 | 22,382 |
| | 3-39-0122-1307 | 20.106 | 415 |
| Put-In-Bay Edge Drain | 3-39-0122-1811 | 20.106 | <u>179,144</u> |
| Total Federal Aviation Administration | | | <u>405,647</u> |
| TOTAL FEDERAL EXPENDITURES | | | \$ <u>583,655</u> |

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Put-in-Bay Township Port Authority
Ottawa County
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

Note A-Basis of presentation

The accompanying schedule of expenditures of federal awards includes all federal grant activity of the 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 programs require 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 Federal Awards Expenditures.

Note B - Transfers

The Authority generally must spend Federal assistance within 15 months of receipt (funds must be obligated by December 31st). However, with US Department of Transportation (DOT) approval, the Authority can transfer unspent Federal assistance to the succeeding year. The Authority can document this by using project numbers for each year's activity, and transferring the amounts DOT approved between the projects. During fiscal year 2011, the DOT authorized the following transfers.

| CFDA No. | Program Title | Pass through Entity No. | Transfer Out | Transfer In |
|-----------------|----------------------------------|--------------------------------|---------------------|--------------------|
| 20.106 | Middle Bass Island Airport Grant | 3-39-0124-1711 | \$(781) | |
| 20.106 | Middle Bass Island Airport Grant | 3-39-0124-1610 | | \$781 |

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Put-in-Bay Township Port Authority
Ottawa County
1494 Langram Road
Put-in-Bay, Ohio 43456

To the Board of Trustees:

We have audited the financial statements of the Put-in-Bay Township Port Authority, Ottawa County, (the Authority) as of and for the year ended December 31, 2011, and have issued our report thereon dated May 12, 2012, 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 also noted the Authority implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the Authority'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, providing an opinion 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*.

We intend this report solely for the information and use of management, the Board of Trustees, federal awarding agencies, the Auditor of State and others within the Authority. We intend it for no one other than these specified parties.

Charles Harris Associates

CHARLES E. HARRIS & ASSOCIATIONS, INC.

May 12, 2012

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Put-in-Bay Township Port Authority
Ottawa County
1494 Langram Road
Put-in-Bay, Ohio 43456

To the Board of Trustees:

Compliance

We have audited the compliance of the Put-in-Bay Township Port Authority, Ottawa County, Ohio (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 could directly and materially affect the Authority's major federal program for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Authority's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with these requirements.

In our opinion, the Put-in-Bay Township Port Authority, Ottawa County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

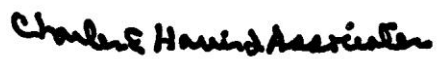
Internal Control Over Compliance

The Authority's management 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, 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.

We intend this report solely for the information and use of the Authority management, the Board of Trustees, others within the Authority and federal awarding agencies. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Charles E. Harris". The signature is written in a cursive, slightly slanted style.

CHARLES E. HARRIS & ASSOCIATES, INC.
May 12, 2012

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY
OTTAWA COUNTY
December 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|--------------|--|--|
| (d)(1)(i) | <i>Type of Financial Statement Opinion</i> | Adverse under GAAP, unqualified under the regulatory basis. |
| (d)(1)(ii) | <i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i> | No |
| (d)(1)(ii) | <i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i> | No |
| (d)(1)(iii) | <i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i> | No |
| (d)(1)(iv) | <i>Were there any material internal control weaknesses reported for major federal programs?</i> | No |
| (d)(1)(iv) | <i>Were there any significant deficiencies reported for major federal programs?</i> | No |
| (d)(1)(v) | <i>Type of Major Programs' Compliance Opinion</i> | Unqualified |
| (d)(1)(vi) | <i>Are there any reportable findings under Section .510</i> | No |
| (d)(1)(vii) | <i>Major Programs:</i> | Highway Planning and Construction (FAHP) - ARRA - 20.205 Airport Improvement Program - 20.106 |
| (d)(1)(viii) | <i>Dollar Threshold: Type A\B Programs</i> | Type A: > \$300,000 |
| (d)(1)(ix) | <i>Low Risk Auditee?</i> | No |

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**PUT-IN-BAY TOWNSHIP PORT AUTHORITY
OTTAWA COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
December 31, 2011**

The prior audit report, for the year ended December 31, 2010, reported no material citations or recommendations.



Dave Yost • Auditor of State

PUT-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
JULY 24, 2012