COLUMBIANA PORT AUTHORITY
COLUMBIANA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006

Mary Taylor, CPA
Auditor of State

COLUMBIANA PORT AUTHORITY
COLUMBIANA COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Columbiana Port Authority
Columbiana County
1250 St. George Street
East Liverpool, Ohio 43920

To the Board of Directors:

We have audited the accompanying basic financial statements of the business-type activities of the Columbiana Port Authority, Columbiana County, Ohio (the Port Authority), as of and for the year ended December 31, 2006, which collectively comprise the Port Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Port Authority's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Columbiana Port Authority, Columbiana County, Ohio, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2007, on our consideration of the Port 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.

The Port Authority has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

We conducted our audit to opine on the financial statements that collectively comprise the Port Authority's financial statements. The federal awards expenditure schedule is required by 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. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 10, 2007

COLUMBIANA PORT AUTHORITY
COLUMBIANA COUNTY

STATEMENT OF NET ASSETS-PROPRIETARY FUND
DECEMBER 31, 2006

Assets	
Equity in pooled cash and cash equivalents	$ 434,434
Cash Held by Fiscal Agent	2,282,200
Account Receivable: Trade and Grants	5,474,650
Allowance for Doubtful Accounts	(40,000)
Prepaid: Insurance, Subscriptions, Lease Expense	211,606
Property, plant and equipment	22,452,496
Accumulated Depreciation	(4,613,327)
Workers' Compensation Deposit	10
Construction in progress	4,999,436
Total Assets	31,201,505
Liabilities	
Accounts Payable	443,624
Accrued Real Estate Tax	39,877
Accrued Interest	10,174
Accrued wages and benefits	17,121
Compensated absences	67,524
Long-Term Liabilities:	
Due within one year	733,053
Due within more than one year	9,682,284
Total Liabilities	10,993,657
Net Assets	
Unrestricted	20,207,848
Total Net Assets	$20,207,848

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

COLUMBIANA PORT AUTHORITY
COLUMBIANA COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS-PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

Operating Revenues	
Rent	$ 1,670,691
Grants	4,822,108
Miscellanous	694,539
Total Operating Revenues	7,187,338
Operating Expenses	
Advertising	3,992
Auto Expense	11,568
Bad Debts	308
Bank Service Charges	687
Continuing Services	1,375
Contracted Labor	20,257
Depreciation Expense	568,945
Directors' Fees	38,400
Dues and Subscriptions	55,368
Employee Benefits	10,683
Grant Distribution	56,334
Insurance	128,219
Interest	266,709
Licenses, Fees and Permits	29,063
Miscellaneous	365,567
Pension Plan	43,842
Professional Fees	62,098
Repairs and Maintenance	64,567
Rent	6,400
Salaries	323,378
Supplies	19,290
Taxes	5,347
Travel and Entertainment	49,207
Utilities	373,637
Total Operating Expenses	2,505,241
Operating (Loss)/Income	4,682,097
Non-Operating Revenues	
Interest income	3,084
Total Non-Operating Revenues	3,084
Change in Net Assets	4,685,181
Net Assets Beginning of Year	15,522,667
Net Assets End of Year	**$20,207,848**

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

COLUMBIANA PORT AUTHORITY
COLUMBIANA COUNTY

STATEMENT OF CASH FLOWS-PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

Cash flows from operating activities:	
Net income / (loss)	$4,685,181
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Depreciation	568,945
Decrease / (increase) in operating assets:	
Accounts receivable	(2,045,942)
Other	(2,778,331)
Increase / (decrease) in operating liabilities:	
Accounts payable	(1,275)
Accrued liabilities	310,399
Total adjustments	(3,946,204)
Net cash provided by (used in) operating activities:	738,977
Cash flows from investing activities:	
Capital expenditures	(1,779,621)
Net cash provided by (used in) investing activities	(1,779,621)
Cash flows from financing activities:	
Loans payable borrowings and repayments	3,485,595
Net cash provided by (used in) financing activities	3,485,595
Net increase (decrease) in cash and cash equivalents	2,444,951
Cash and cash equivalents at beginning of year	271,683
Cash and cash equivalents at end of year	2,716,634

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

1. DESCRIPTION OF THE REPORTING ENTITY

The Columbiana Port Authority, Columbiana County, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority is governed by a Board of Directors. Members of the Board are appointed by the Columbiana County Commissioners. The Port Authority provides the following services which are defined by Chapter 4582 of the Ohio Revised Code and which services include but are not limited to the power to purchase, construct, re-construct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities.

Columbiana County Commissioners have no authority regarding the day-to-day activities and business affairs of the Port Authority beyond the creation of the Port Authority and the appointment of its Board of Directors. Columbiana County maintains its own accounting functions, is a separate reporting entity, and its financial activity is not included within the financial statements of the Port Authority.

The general office of the Port Authority is located within the City of East Liverpool City School District. These entities maintain their own accounting functions, are separate reporting entities, and their financial activities are not included within the financial statements of the Port Authority.

The Port Authority is a self-sufficient enterprise, which does not receive funding from Columbiana County, the city of East Liverpool, or the East Liverpool City School District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of Port Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port Authority also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Port Authority's accounting policies are described below.

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, pubic policy, management control, accountability or other purposes.

The Port Authority adopted the provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation. This statement requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. This statement had no effect on net assets. The Association also adopted the provisions of GASB Statement No. 47, Accounting for Termination Benefits. This statement provides guidance on how employers should account for benefits associated with voluntary or involuntary terminations. These statements had no effect on net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the balance sheet. Equity (i.e., net assets) consists of retained earnings. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Data

Ohio Revise Code Section 4582.13 requires the Port Authority annually prepare a budget. No further approvals or actions are required under Section 4582 of the Ohio Revised Code.

D. Cash and Cash Equivalents

Certificates of deposit and business savings accounts are valued at cost. All CD's and savings accounts are used as short-term investments for cash equivalents in the statement cash flows.

E. Accounts Receivable

Total accounts receivable for 2006 is $5,474,650 Trade Accounts Receivable of $501,959 with doubtful accounts on these receivables amounts to ($40,000) and grants receivables of $4,972,690.

F. Capital Assets and Depreciation

Property, equipment and improvements are carried and are depreciated using the straight line method over the estimated lives as follows:

Years	
Machinery and Equipment	3-10
Furniture and Fixtures	3-10
Buildings	10-30
Land Improvements	10-30

G. Capitalization of Interest

The Port Authority's policy is to capitalize net interest on construction projects until substantial completion of the project. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset. For 2006, the Port Authority incurred no interest which was capitalized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Operating and non-operating revenues and expenses

Operating revenues are those revenues that are generated directly at the Port Authority's primary mission. For the Port Authority, operating revenues include railroad track use and trackage fees, property lease income, railroad maintenance fees and related market and document fees. Operating expenses are necessary costs incurred to support the Port Authority's primary mission, including depreciation.

Non-operating revenues and expenses are those that are not generated directly by the Port Authority's primary mission. Interest income,and expenses comprise the non-operating revenues and expenses of the Port Authority.

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation and net of related debt. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Port Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Compensated Absences

In accordance with GASB Statement No. 16, " Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance eligible in the future to receive such payments.

3. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Port Authority in three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Port Authority Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Port Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, pass book accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, but surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies can be deposited or invested in the following:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions; and,

3. DEPOSITS AND INVESTMENTS (Continued)

6. The State Treasurer's investment pool (STAROhio).

The Port Authority may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;

2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and

3. Obligations of the Port Authority.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the qualified trustee or, custodian.

GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, requires disclosures to help assess actual and potential future deposit and investment market and credit risks". The following information regarding deposits and investments is presented using the categories of risk identified in GASB Statement 3.

As of December 31, 2006, the carrying amount of the Port Authority's deposits totaled $434,434 and its bank balance was $468,750. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2006, $298,889 was exposed to custodial risk as discussed below, while $169,861 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Port Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

4. LOANS RECEIVABLE AGREEMENT

The Port Authority had entered into loan agreements with Central Columbiana & Pennsylvania Railroad in the amount of $401,760. Due to Central Columbiana & Pennsylvania Railroad bankruptcy the total amount of this loan, $401,760 has been discharged.

5. CAPITAL ASSETS

A summary of the property, plant and equipment purchased as of December 31, 2006, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$1,471,870	$1,656	-	$1,473,526
Construction in progress	2,383,952	2,636,211	(20,717)	4,999,436
Workers Compensation Deposit	10	-	-	10
	3,855,832	2,637,867	(20,717)	6,472,972
Capital assets being depreciated:				
Automobiles	20,364	-	-	20,364
Buildings	7,253,599	1,674,642	-	8,928,241
Equipment	16,435	-	-	16,435
Furniture & Fixtures	71,809	-	-	71,809
Land Improvements	6,046,025	2,645	-	6,048,670
Signage	9,669	-	-	9,669
Railroad	5,783,104	100,678	-	5,883,782
	19,201,005	1,777,965	-	20,978,970
Less Accumulated Depreciation on:				
Automobiles	(14,060)	(2,908)	-	(16,968)
Buildings	(2,310,790)	(280,344)	-	(2,591,134)
Equipment	(10,974)	(1,691)	-	(12,665)
Furniture & Fixtures	(54,405)	(5,879)	-	(60,284)
Land Improvements	(1,168,084)	(60,755)	-	(1,228,839)
Signage	(5,453)	(732)	-	(6,185)
Railroad	(480,617)	(216,635)	-	(697,252)
	(4,044,383)	(568,944)	-	(4,613,327)
Capital assets, net	$19,012,454	$3,846,888	$(20,717)	$22,838,615

6. LONG-TERM OBLIGATIONS

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
Rail Road Improvement - ORDC	$2,098,047	varies
Rail Road - National City Bank	825,013	7.95%
Sky Bank Building - CIC Loan	54,272	4.00%
Sky Bank Building - CDBG Economic Development	48,467	4.00%
Sky Bank Building - Sky Bank Loan	904,404	7.50%
Sky Bank Building - Sky Bank Loan	394,163	7.50%
Sky Bank Building - ODOD	700,572	4.00%
General Line of Credit - 1st National Community Bank	218,157	varies
Crane Deming Industrial Plant - National City Bank	1,332,182	5.02%
Fiber Optic Line of Credit - Fifth Third Bank	1,160,060	5.82%
Total	$7,735,337	

The Port obtained a twenty-year note from National City Bank in the amount of $995,000 on January 23, 2001. Payments are to be made monthly in the amount of $8,482, which includes 7.95% interest. The payments have gone to interest only.

The Port obtained a 15-year note from National City Bank in the amount of $1,395,000 on January 5, 2006. Payments are to be made monthly in the amount of $11,046.11, which includes monthly at 5.02% interest.

The Port obtained five loans from various sources listed below in the amount of $3,013,790 on April 26, 2001. Payments are made monthly based upon the schedule listed, which includes monthly interest:

	Loan Amount	Payment	Interest Rate
CIC Loan	110,000	848	4%
CDBC Loan	90,000	666	4%
Sky Bank Loan	1,065,080	8,652	7.50%
Sky Bank Loan	747,983	8,922	7.50%
Ohio Department Development	1,000,000	7,397 +ServiceFee	4%

The Ohio Department of Development are 179 consecutive installments of $7,396.88 plus a service fee of 1/12 of ¾ of 1% on the outstanding principal balance, which are due by Automatic Debit on or near the 10th of each month, beginning July, 2001. The 180th and final payment, due June 2016, is $7,396.75 plus a service fee of $1.54.

6. LONG-TERM OBLIGATIONS (Continued)

The Ohio Rail Development Commission is a 2.1 million loan for improvement to the CC&P Line. The first draw on the loan occurred in December 2003. The remaining balance will be drawn as work is completed. Loan repayment is scheduled to begin February 1, 2005. The following interest rate schedule applies and monthly payment:

	Interest Rate	Monthly Payment
2007	0.00%	34,134
2008	1.00%	35,561
2009	1.00%	35,561
2010	2.50%	36,117
2011	2.50%	36,117

A summary of the annual repayments including principal, interest and fees is as follows:

Year Ending December 31	Amounts
2007	982,462
2008	989,007
2009	974,061
2010	988,670
2011	956,977
Totals	4,891,177

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Port Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

7. DEFINED BENEFIT PENSION PLAN (Continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2006, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 9.0%. The 2006 employer contribution rate for local government employer units was 13.70%, of covered payroll, 9.20% to fund the pension and 4.5% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The Port Authority's contributions to the Ohio PERS for the years ending December 31, 2006, 2005, and 2004 were $43,842, $39,716 and $38,103, respectively, which were equal to the required contributions for each year.

8. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2006 employer contribution rate (identified above) that was used to fund health care for the year 2006 was 4.30% of covered payroll.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2005. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2005 was 6.5%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 358,804. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2005 is $11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $31.3 billion and $20.2 billion, respectively.

8. POSTEMPLOYMENT BENEFITS (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, Ohio PERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

9. RISK MANAGEMENT

The Port Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters.

The Port Authority has obtained commercial insurance for the following risks:

- Comprehensive Property and general liability
- Errors and omissions
- General liability and casualty

Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Worker's compensation claims are covered through the port Authority's participation in the state of Ohio's program. The Port Authority pays the State Worker's Compensation System a premium based upon a rate per $100 of payroll. The rate is determined based on accident history and administrative costs.

The Port Authority also provides health insurance, dental and vision coverage to full-time employees through the Columbiana County Employees Self-Insurance Fund.

10. ADVANCED RENT PAYABLE

Advance rent payable consists of $167,875 from Quality Liquid Feed, on a 99 year lease, which commences July 1, 2000. In December of 2006, the Port received $250,000 for the lease of the Eljer's Property in Salem.

11. CONDUIT DEBT

GASB No.2 requires certain note disclosures about conduit debt obligations. Sec. 808 summarizes the definition of and disclosure requirements for conduit debt. As of the date of the financial statements the Columbiana County Port Authority had no industrial revenue bonds outstanding in the form of financial assistance.

COLUMBIANA PORT AUTHORITY
COLUMBIANA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2006

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	**Pass Through Entity Number**	**Federal CFDA Number**	**Disbursements**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Ohio Department of Housing and Urban Development			
Community Development Block Grants / Brownfields Economic Development Initiative	B-02-SP-OH-0575	14.246	$ 775,772
Total U.S. Department of Housing and Urban Development			775,772
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Ohio Department of Transportation			
Highway Planning and Construction	TE-21-G990(706)	20.205	1,557,759
Total U.S. Department of Transportation			1,557,759
Total			$2,333,531

The accompanying notes are an integral part of this schedule.

NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2006

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Port Authority's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Port Authority contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Port Authority has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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

Columbiana Port Authority
Columbiana County
1250 St. George Street
East Liverpool, Ohio 43920

To the Board of Directors:

We have audited the financial statements of the business-type activities of the Columbiana Port Authority, Columbiana County, (the Port Authority) as of and for the year ended December 31, 2006, which collectively comprise the Port Authority's financial statements and have issued our report thereon dated December 10, 2007. 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 Port Authority's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Port Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 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 Port Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Port Authority's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Port Authority's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be 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.

We noted certain matters that we reported to the Port Authority's management in a separate letter dated December 10, 2007.

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Compliance and Other Matters

As part of reasonably assuring whether the Port 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 the management, Board of Directors, and federal awarding agencies and pass-through entities . We intend it for no one other than these specified parties.

Mary Taylor, CPA
Auditor of State

December 10, 2007

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

Columbiana Port Authority
Columbiana County
1250 St. George Street
East Liverpool, Ohio 43920

To the Board of Directors:

Compliance

We have audited the compliance of the Columbiana Port Authority (the Port Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the Port Authority's major federal program. The Port 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 express an opinion on the Port 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 reasonably assure whether noncompliance occurred with the types of 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 Port Authority's compliance with those 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 Port Authority's compliance with those requirements.

In our opinion, the Columbiana Port Authority complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006.

Internal Control Over Compliance

The Port 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 Port Authority's internal control over compliance with requirements that could directly and materially affect 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 Port Authority's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Port Authority's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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.

We intend this report solely for the information and use of the management, Board of Directors, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 10, 2007

COLUMBIANA PORT AUTHORITY
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2006

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	Highway Planning and Construction (20.205)
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COLUMBIANA PORT AUTHORITY
COLUMBIANA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006

Finding Number	**Finding Summary**	**Fully Corrected?**	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***:
2005-001	ORC, Chapter 5705 (B) (2) (a), (b) and (c) (Section 28, 36, 38, 40, 41, 43, 44 and 45)	Yes	Change in A&A opinion

Mary Taylor, CPA
Auditor of State

COLUMBIANA PORT AUTHORITY

COLUMBIANA 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
MAY 29, 2008