



Mary Taylor, CPA
Auditor of State

**PORT AUTHORITY
VAN WERT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Port Authority
Van Wert County
114 East Main Street
Van Wert, Ohio 45891

To the Board of Directors:

We have audited the accompanying financial statements of the business-type activities of the Port Authority, Van Wert County, (the Authority), a component unit of Van Wert County, as of and for the years ended December 31, 2007 and 2006, which comprise the Authority's basic financial statements as listed in the table of contents. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Port Authority, Van Wert County, as of December 31, 2007 and 2006, and the changes in financial position and cash flows, thereof for the years 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 September 3, 2008, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 3, 2008

**PORT AUTHORITY
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

The discussion and analysis of the Van Wert County Port Authority (the Authority) financial performance provides an overall view of the Authority's financial activities for the fiscal years ended December 31, 2007 and 2006. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

- Total assets at year-end 2007 and 2006 were \$108,275 and \$107,718, respectively.
- Total net assets increased for 2007 and 2006 in the amounts of \$557 and \$465, respectively.

Using This Annual Financial Report

This report consists of three parts, Management's Discussion and Analysis (MD&A), the basic financial statements, and notes to those statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

Statement of Net Assets - The Statement of Net Assets answers the question, "How did we do financially during the year?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

Table 1 provides a summary of the Authority's net assets for fiscal year 2007 compared to fiscal years 2006 and 2005.

Table 1			
	2007	2006	2005
Assets			
Cash	\$22,383	\$19,724	\$17,157
Depreciable Capital Assets, Net	29,540	31,642	33,744
Non Depreciable Capital Assets	56,352	56,352	56,352
Total Assets	108,275	107,718	107,253
Net Assets			
Invested in Capital Assets	85,892	87,994	90,096
Unrestricted	22,383	19,724	17,157
Total Net Assets	\$108,275	\$107,718	\$107,253

Total assets increased by \$557 from 2006 to 2007 and increased \$465 from 2005 to 2006. Contributing to this increase were increases in cash and cash equivalents. Capital assets continue to decrease as depreciation on the building and infrastructure continues.

**PORT AUTHORITY
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

The Statement of Revenues, Expenses, and Changes in Net Assets shows the cost of operating expenses and the revenues offsetting those services. Table 2 shows the total amount of operating and non-operating expenses and the revenues associated with those expenses for the year. That is, it identifies the amount of operating expenses supported by operating funding sources.

Table 2

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating Revenues:			
Rent	\$2,920	\$2,920	\$2,920
Operating Expenses:			
Other Operating Expenses	261	353	1,077
Depreciation	2,102	2,102	2,102
Total Operating Expenses	<u>2,363</u>	<u>2,455</u>	<u>3,179</u>
Change in Net Assets	557	465	(259)
Net Assets - Beginning of Year	107,718	107,253	107,512
Net Assets - End of Year	<u>\$108,275</u>	<u>\$107,718</u>	<u>\$107,253</u>

Net Assets has increased from 2006 to 2007 and from 2005 to 2006. The Authority receives rental income each year and this income continues to exceed the Authority's minimal operating expenses.

Capital Assets

At the end of both fiscal years 2007 and 2006, the Authority had \$85,892 and \$87,994 invested in land, buildings and infrastructure. See Note 3 for further information.

Debt

The Authority did not have any outstanding debt at December 31, 2007 and 2006.

Contacting The Authority's Financial Management

This financial report is designed to provide citizens with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information contact Darlene Myers, 114 East Main Street, Van Wert, Ohio 45891.

**PORT AUTHORITY
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Current Assets		
Cash	\$22,383	\$19,724
Non Current Assets		
Depreciable Capital Assets, Net	29,540	31,642
Nondepreciable Capital Assets	<u>56,352</u>	<u>56,352</u>
Total Non Current Assets	<u>85,892</u>	<u>87,994</u>
 Total Assets	 <u><u>108,275</u></u>	 <u><u>107,718</u></u>
 Net Assets		
Invested in Capital Assets, Net of Related Debt	85,892	87,994
Unrestricted	<u>22,383</u>	<u>19,724</u>
 Total Net Assets	 <u><u>\$108,275</u></u>	 <u><u>\$107,718</u></u>

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

**PORT AUTHORITY
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Rent	\$2,920	\$2,920
Total Operating Revenues	<u>2,920</u>	<u>2,920</u>
Operating Expenses		
Other Operating Expenses	261	353
Depreciation	<u>2,102</u>	<u>2,102</u>
Total Operating Expenses	<u>2,363</u>	<u>2,455</u>
Change in Net Assets	557	465
Net Assets - Beginning of Year	<u>107,718</u>	<u>107,253</u>
Net Assets - End of Year	<u>\$108,275</u>	<u>\$107,718</u>

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

**PORT AUTHORITY
VAN WERT COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities		
Cash Received from Rental Income	\$2,920	\$2,920
Cash Payments for Other Operating Expenses	<u>(261)</u>	<u>(353)</u>
Net Cash Provided by Operating Activities	2,659	2,567
Net Increase (Decrease) in Cash	2,659	2,567
Cash at January 1	<u>19,724</u>	<u>17,157</u>
Cash at December 31	<u><u>22,383</u></u>	<u><u>19,724</u></u>
Reconciliation of operating income to net cash provided by operating activities		
Operating Income	557	465
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	<u>2,102</u>	<u>2,102</u>
Net cash provided by (used for) operating activities	<u><u>\$2,659</u></u>	<u><u>\$2,567</u></u>

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

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**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

1. DESCRIPTION OF THE ENTITY

The Port Authority of Van Wert County, (the Authority) was created pursuant to Sections 4582.202 through 4582.58, inclusive, of the Ohio Revised Code for the purpose of promoting the manufacturing, commerce, distribution and research and development interests of Van Wert County including rendering financial and other assistance to such enterprises situated in Van Wert County and to induce the location in Van Wert County of other manufacturing, commerce, distribution and research entities; to purchase, subdivide, sell and lease real property in Van Wert County and erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Van Wert County.

The Port Authority is considered a component unit of Van Wert County.

The Port Authority Board of Directors consists of the number of Directors it deems necessary and they are appointed by the Van Wert County Commissioners. Currently, seven Directors serve on the Board.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to a governmental nonprofit organization. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 Authority's accounting policies are described below.

A. Basis of Presentation

The Authority's basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. The Authority uses enterprise accounting to track and report on its financial activities. Enterprise fund reporting focuses on the determination of the change in net assets, financial position, and cash flows.

B. 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 statements of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Authority's financial statements are prepared using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenues resulting from non-exchange transactions, in which the Authority receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Authority must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to Authority on reimbursement basis.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

The Ohio Revised Code requires that a budget be prepared annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the Authority to reserve (encumber) appropriations when commitments are made. The Authority did not use the encumbrance method of accounting.

E. Cash and Cash Equivalents

As the Ohio Revised Code permits, the Van Wert County Treasurer holds the Authority's cash as the Authority's custodian. The County holds the Authority's assets in its investment pool, valued at the Treasurer's reported carrying amount.

F. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Depreciable capital assets are amortized using the straight-line method for a period of 38-40 years.

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditor, grantor, or laws or regulations of other governments. The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the Authority, these revenues are primarily rental payments for track and land. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the Authority. Revenues and expenses not meeting this definition are reported as non-operating.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. CAPITAL ASSETS

Capital asset activity for each year is as follows:

	<u>Balance 12/31/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2006</u>
Governmental Assets				
<i>Capital Assets, not being depreciated</i>				
Land	\$56,352	\$0	\$0	\$56,352
<i>Capital Assets, being depreciated</i>				
Building	2,159			2,159
Infrastructure	77,835			77,835
Total Capital Assets, being depreciated	<u>79,994</u>			<u>79,994</u>
Less: Accumulated Depreciation				
Building	(1,187)	(54)		(1,241)
Infrastructure	(45,063)	(2,048)		(47,111)
Total Accumulated Depreciation	<u>(46,250)</u>	<u>(2,102)</u>		<u>(48,352)</u>
Total Capital Assets, being depreciated, net	<u>33,744</u>	<u>(2,102)</u>		<u>31,642</u>
Governmental Activities Capital Assets, net	<u>\$90,096</u>	<u>(\$2,102)</u>	<u>\$0</u>	<u>\$87,994</u>

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

3. CAPITAL ASSETS (Continued)

	<u>Balance 12/31/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2007</u>
Governmental Assets				
<i>Capital Assets, not being depreciated</i>				
Land	\$56,352	\$0	\$0	\$56,352
<i>Capital Assets, being depreciated</i>				
Building	2,159			2,159
Infrastructure	77,835			77,835
Total Capital Assets, being depreciated	79,994			79,994
Less: Accumulated Depreciation				
Building	(1,241)	(54)		(1,295)
Infrastructure	(47,111)	(2,048)		(49,159)
Total Accumulated Depreciation	(48,352)	(2,102)		(50,454)
Total Capital Assets, being depreciated, net	31,642	(2,102)		29,540
Governmental Activities Capital Assets, net	<u>\$87,994</u>	<u>(\$2,102)</u>	<u>\$0</u>	<u>\$85,892</u>

4. RISK MANAGEMENT

The Authority has obtained commercial insurance for the risk of public employee dishonesty. Van Wert County maintains an umbrella liability insurance policy that covers any property that has been transferred by the County to the Authority for economic development purposes.

5. CONTINGENCY

Railroad property was transferred to the Allen County and Van Wert County Port Authorities, and a security deposit was made in the amount of Three Hundred Eighty Thousand Dollars (\$380,000) and given proportionately to each Port Authority according to their share in the railroad.

The security deposit was to guarantee the performance of the duties of the Allen-Van Wert Railroad Company ("Railroad"). The security deposit or a portion thereof shall be returned to the "Railroad" only under the following conditions:

- 1) Upon termination of the agreement with the Port Authorities; and
- 2) If the railroad property is removed or sold then the "Railroad" which has rights to the railroad operation will receive 10 percent from the net proceeds of the sale of the railroad not to exceed the \$380,000.

The Van Wert Port Authority's share of the security deposit under the agreement was 56 percent, or Two Hundred Twelve Thousand Eight Hundred Dollars (\$212,800).



Mary Taylor, CPA

Auditor of State

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

Port Authority
Van Wert County
114 East Main Street
Van Wert, Ohio 45891

To the Board of Directors:

We have audited the financial statements the business-type activities of the Port Authority, Van Wert County, (the Authority), a component unit of Van Wert County, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 3, 2008. 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 expressing our opinion on the financial statements, but not to opine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 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 Authority's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

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

**Internal Control Over Financial Reporting
(Continued)**

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding number 2007-001 to be a material weakness.

We also noted a certain internal control matter that we reported to the Authority's management in a separate letter dated September 3, 2008.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items: 2007-001 and 2007-002.

We intend this report solely for the information and use of the management and Board of Directors. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 3, 2008

**PORT AUTHORITY
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER – 2007-001

Non Compliance/Material Weakness - Capital Asset Records

Ohio Administrative Code Section 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Ohio Administrative Code Section 117-2-02(D)(4)(c) states that all public offices should maintain or provide capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

The railroad track was not recorded as infrastructure in 2006 or 2007 and the land and building amounts reported on the financial statements were not based on original historical cost. The amount previously reported for land was \$204,454 which was reduced to \$56,352 and the previous building amount was reported at \$7,834 and was reduced to \$2,159. The related changes in depreciation were also recomputed. The railroad track infrastructure was added at a historical cost of \$77,835 with an accumulated depreciation amount of \$47,111, for 2006, and \$49,159 for 2007. These errors in reporting capital assets resulted in material adjustments to the financial statements. In addition, the Port Authority had not adopted a capital asset policy.

As indicated above, the lack of adequate capital asset records resulted in a material misstatement of the financial statements.

Capital assets should be reported at historical cost. In addition, capital asset records should be maintained which include information as to the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, and location. In addition, a detailed capital asset policy should be adopted which would include but not be limited to; asset vs. maintenance classifications, capitalization threshold, depreciation method and schedule of useful lives, and disposal procedures.

Officials' Response:

Assets noted will be adjusted on the County's financial report. The Port Authority will adopt the County's fixed asset policy.

FINDING NUMBER 2007-002

Noncompliance - Budgetary Requirements

The Port Authority has operated similar to a department within the County's budget system. Since the Port Authority is a legally separate entity established under Ohio Rev Code 4582, it should comply with the applicable Ohio Revised Code sections pertaining to budgetary requirements as follows:

**FINDING NUMBER 2007-002
(Continued)**

Ohio Rev. Code Section 5705.28(B)(2)(a) and (b), requires that on or before the fifteenth day of July each year, such taxing authority shall adopt an operating budget for the taxing unit for the ensuing fiscal year. The operating budget shall include an estimate of receipts from all sources, a statement of all taxing unit expenses that are anticipated to occur, and the amount required for debt charges during the fiscal year. The operating budget is not required to be filed with the county auditor or the county budget commission. Except for this section and sections 5705.36, 5705.38, 5705.40, 5705.41, 5705.43, 5705.44, and 5705.45 of the Revised Code, a taxing unit that does not levy a tax is not a taxing unit for purposes of Chapter 5705 of the Revised Code. Therefore, documents prepared in accordance with such sections are not required to be filed with the county auditor or county budget commission.

Ohio Rev. Code Section 5705.36, requires that on or about the first day of each fiscal year the fiscal officer should prepare a certificate of the total amount from all sources which is available for expenditure in the tax budget along with any encumbered balances that existed at the end of the preceding year.

Ohio Rev. Code Section 5705.38, requires that on or about the first day of each year, the Board shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the entity until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed.

Ohio Rev. Code Section 5705.40, stipulates that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation.

Ohio Rev. Code Section 5705.41 states that no subdivision or taxing unit shall: (A) Make any appropriation of money except as provided in Chapter 5705. of the Revised Code; provided, that the authorization of a bond issue shall be deemed to be an appropriation of the proceeds of the bond issue for the purpose for which such bonds were issued, but no expenditure shall be made from any bond fund until first authorized by the taxing authority; (B) Make any expenditure of money unless it has been appropriated as provided in such chapter; and (C) Make any expenditure of money except by a proper warrant drawn against an appropriate fund.

The lack of preparing the documents noted above and following required procedures, could limit the Board's understanding of operations, and the lack of budgetary information could impact the decision making process.

The Port Authority, as a legally separate entity established under Ohio Rev Code 4582, should follow the budgetary requirements of the Ohio Revised Code. These documents should be completed, and Board approval documented within the minutes.

Officials' Response:

The County Auditor is the Port Authority's fiscal officer per the county's GAAP report, page 35. The Auditor performs all reporting as required.



Mary Taylor, CPA
Auditor of State

PORT AUTHORITY

VAN WERT 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 2, 2008**