



Dave Yost • Auditor of State

MT. ORAB PORT AUTHORITY
BROWN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010 & 2009	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11
Schedule of Prior Audit Findings	13

This page intentionally left blank.



Dave Yost • Auditor of State

Mt. Orab Port Authority
Brown County
750 S. High Street
Mt. Orab, Ohio 45154

To the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Dave Yost
Auditor of State

October 17, 2011

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mt. Orab Port Authority
Brown County
750 S. High Street
Mt. Orab, Ohio 45154

To the Board:

We have audited the accompanying financial statements of the Mt. Orab Port Authority, Brown County, Ohio (the Port Authority), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Port 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 Port 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 Port 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 Authority's to reformat their statements. The Port 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 years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Port Authority as of December 31, 2010 & 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances and reserves for encumbrances of Mt. Orab Port Authority, Brown County, Ohio as of December 31, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2011, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

October 17, 2011

**MT. ORAB PORT AUTHORITY
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010 & 2009**

	2010	2009
Cash Receipts:		
Earnings on Investments	\$156	\$412
Development Income	25,000	0
Donations	100	2,455
Total Cash Receipts	25,256	2,867
Cash Disbursements:		
Insurance	186	186
Maintenance	250	1,363
Development Cost	23,348	0
Christmas Parade	3,520	4,466
Professional Fees	3,633	1,540
Rent	0	2,400
Travel & Meals	158	155
Miscellaneous	230	240
Total Cash Disbursements	31,325	10,350
Total Receipts Over/(Under) Disbursements	(6,069)	(7,483)
Fund Cash Balances, January 1	120,460	127,943
Fund Cash Balances, December 31	\$114,391	\$120,460
Reserve for Encumbrances, December 31	\$0	\$1,361

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

This page intentionally left blank.

**MT. ORAB PORT AUTHORITY
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mt. Orab Port Authority, Brown County, Ohio (the Port Authority), as a body corporate and politic. The Mayor of the Village of Mt. Orab appoints three Board members to direct the Port Authority. The Port Authority was established to promote, develop, and advance the general welfare, commerce, and economic development of Mt. Orab and its citizens.

The Port 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 Port 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

The Port 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 Port Authority values certificates of deposit at cost.

D. Property, Plant, and Equipment

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

E. Fund Accounting

The Port Authority uses the General fund to account for all financial resources. The Port Authority does not receive resources that are required to be accounted for in a separate fund.

2. Equity in Pooled Cash

The Port Authority maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$41,060	\$47,129
Certificates of deposit	73,331	73,331
Total deposits	<u>\$114,391</u>	<u>\$120,460</u>

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

**MT. ORAB PORT AUTHORITY
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Risk Management

The Port Authority has obtained liability insurance for director's and officer's protection.

4. Development Income

98% of the Port Authority's cash receipts in 2010 were for development services. Funds were provided by Duke Energy for "improving the site readiness of a large tract of industrial land which can be used by potential corporate end users."

5. Related Party Transactions

The Board President during 2010 and 2009 was a partner in H&P Properties, which owned the property at 750 South High Street Mt. Orab, Ohio. The Port Authority rented space in the building on this property beginning in 2006 and continued to rent during 2010 and 2009.

6. Related Organization

The Mt. Orab Port Authority is a related organization of the Village of Mt. Orab. Although the Port Authority is legally separate from the Village, the Port Authority is accountable to the Village because the Village appoints the Port Authority's board.



Dave Yost • Auditor of State

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

Mt. Orab Port Authority
Brown County
750 S. High Street
Mt. Orab, Ohio 45154

To the Board:

We have audited the financial statements of the governmental activities of the Mt. Orab Port Authority, Brown County, Ohio (the Port Authority), as of and for the years ended December 31, 2010 & 2009, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated October 17, 2011; wherein we noted the Port Authority prepared its financial statements using accounting practices the Auditor of State prescribes or permits, rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all 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 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item, 2010-001.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.auditor.state.oh.us

Mt. Orab Port Authority
Brown County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We also noted certain matters not requiring inclusion in this report that we reported to the Port Authority's management in a separate letter dated October 17, 2011.

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

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

Dave Yost
Auditor of State

October 17, 2011

MT. ORAB PORT AUTHORITY
BROWN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 & 2009

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

<i>Finding Number</i>	2010-001
-----------------------	----------

NONCOMPLIANCE

Ohio Revised Code, Section 4582.13, states that the board of a port authority created in accordance with section 4582.02 of the Revised Code shall annually prepare a budget for the port authority.

Rents and charges received by the port authority shall be used for the general expenses of the port authority and to pay interest, amortization, and retirement charges on money borrowed. If there remains, at the end of any calendar year, any surplus of such funds after providing for the above uses, the board may pay such surplus into the general funds of the political subdivisions creating and comprising the port authority in proportion to the taxable value of all property within the port authority which shall be listed on the general tax lists for the respective subdivisions.

The Port Authority did not adopt an operating budget for 2009 or 2010, nor did it establish appropriations or estimated receipts.

We recommend that the Port Authority prepare the documents required by Ohio Revised Code, Section 4582.02, and, when appropriate, that the Board regularly review appropriations and estimated receipts and make modifications as needed.

Official's Response:

We did not receive a response from officials to the finding reported above.

This page intentionally left blank.

**MT. ORAB PORT AUTHORITY
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 & 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	OAC 117-2-02(A) Maintain an accounting system & records to prepare financial statements.	Yes	
2008-002	ORC 4582.13 Annually prepare a budget.	No	Not Corrected. Reissued as Finding Number 2010-001

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

MT. ORAB PORT AUTHORITY

BROWN 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
NOVEMBER 10, 2011**