

***PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010***

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





# Dave Yost • Auditor of State

Board of Directors  
Portage County Port Authority  
217 South Chestnut Street  
Ravenna, Ohio 44266

We have reviewed the *Report of Independent Accountants* of the Portage County Port Authority, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Portage County Port Authority is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

May 14, 2012

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**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2011 and 2010**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Portage County Port Authority  
Portage County  
217 South Chestnut Street  
Ravenna, Ohio 44266

To the Board of Directors:

We have audited the accompanying financial statements of the Portage County Port Authority, Portage County, Ohio (the Authority) as of and for the years ended December 31, 2011 and 2010, 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 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 Portage County Port Authority, Portage County, Ohio has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Authority does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Authority to reformat their statements. The Authority has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Portage County Port Authority, Portage County, Ohio as of December 31, 2011 and 2010, 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 fund cash balances as of December 31, 2011 and 2010 of the Portage County Port Authority, Portage County, Ohio and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2012, on our consideration of the Portage County Port Authority, Portage County, Ohio'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.

*Charles E. Harris & Associates*

**Charles E. Harris & Associates, Inc.**

February 17, 2012

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY  
STATEMENT OF RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE  
For the Year Ended December 31, 2011**

	<b>2011</b>
<b>Cash Receipts:</b>	
TIF Fees	\$ 3,576
Earnings on Investments	62
	3,638
<b>Total Cash Receipts</b>	<b>3,638</b>
<b>Cash Disbursements:</b>	
<b>Current:</b>	
Contract Services	10,001
Membership Dues	5,100
Advertising and Marketing	1,276
Professional and Technical Services	322
Food Supplies	57
	16,756
<b>Total Cash Disbursements</b>	<b>16,756</b>
<b>Excess of Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(13,118)</b>
<b>Fund Cash Balance January 1, 2011</b>	<b>192,994</b>
<b>Fund Cash Balance December 31, 2011 Unassigned</b>	<b>179,876</b>
	179,876
<b>Fund Cash Balance December 31, 2011</b>	<b>\$ 179,876</b>

See accompanying Notes to the Financial Statements.

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY  
STATEMENT OF RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE  
For the Year Ended December 31, 2010**

	<b>2010</b>
<b>Cash Receipts:</b>	
<b>TIF Fees</b>	<b>\$ 7,404</b>
<b>Charges for Services</b>	<b>38,500</b>
<b>Earnings on Investments</b>	<b>195</b>
	<b>46,099</b>
<b>Total Cash Receipts</b>	<b>46,099</b>
<b>Cash Disbursements:</b>	
<b>Current:</b>	
<b>Contract Services</b>	<b>6,900</b>
<b>Training and Meeting Registrations</b>	<b>155</b>
<b>Transportation</b>	<b>139</b>
<b>Membership Dues</b>	<b>100</b>
<b>Advertising and Marketing</b>	<b>39</b>
<b>Professional and Technical Services</b>	<b>402</b>
<b>Food Supplies</b>	<b>80</b>
	<b>7,815</b>
<b>Total Cash Disbursements</b>	<b>7,815</b>
<b>Excess of Cash Receipts Over/(Under)     Cash Disbursements</b>	<b>38,284</b>
<b>Fund Balance January 1, 2010</b>	<b>154,710</b>
	<b>154,710</b>
<b>Fund Balance December 31, 2010</b>	<b>\$ 192,994</b>
	<b>192,994</b>

See accompanying Notes to the Financial Statements.

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Portage County Port Authority, Portage County, Ohio (the Port Authority), 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 operates under the direction of a seven member Board of Directors. The Board of Directors are appointed by the Portage County Board of Commissioners. The Port Authority is authorized to purchase, construct, sell, lease and operate facilities within its jurisdiction as enumerated in Ohio Revised Code Sections 4582.01 through 4582.59.

The Port Authority's management believes this financial statement presents all activities for which the Port Authority is financially accountable.

**B. BASIS OF ACCOUNTING**

These financial statements follow a basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. CASH & INVESTMENTS**

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. BUDGETARY PROCESS**

Portage County Port Authority Board of Directors follows Ohio Revised Code 5705 in general and Sections 5705.30 and 5705.38 in particular.

**E. PROPERTY, PLANT AND EQUIPMENT**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**F. FUND ACCOUNTING**

The Authority maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restriction associated with each class of funds is as follows:

PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

F. **FUND ACCOUNTING**–(Continued)

**Governmental Fund Type:**

**General Fund:** The general operating fund of the Authority. It is used to account for all financial resources except those required by law or contract to be accounted for in a specific fund.

G. **FUND BALANCE**

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

1. **Nonspendable**

The Authority classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

2. **Restricted**

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. **Committed**

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

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Authority Director or an Authority official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**2. CASH AND CASH EQUIVALENTS**

The Ohio Revised Code prescribes allowable deposits and investments.

At December 31, 2011 and 2010, the Port Authority had cash and investments with a carrying amount of \$179,876 and \$192,994 respectively.

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Port Authority, or (3) collateralized by the financial institution's public entity deposit pool.

**3. TAX INCREMENT FINANCING (TIF)**

Tax Increment Financing (TIF) is an economic development tool which allows a political subdivision to capture incremental real property tax revenues (the increase in assessed value of the real property from private development) and use those revenues to pay for or finance the costs of public infrastructure improvements. The Portage Port Authority collects TIF fees for the Brimfield Crossings Project to provide for Tax Increment Financing (TIF) for public infrastructure improvements and the acquisition of real estate for economic development purposes.

**4. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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

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

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

Portage County Port Authority  
Portage County  
217 South Chestnut Street  
Ravenna, Ohio 44266

To the Board of Directors:

We have audited the financial statements of the Portage County Port Authority, Portage County, Ohio (the Authority) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated February 17, 2012, wherein we noted the Authority followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the District implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and timely corrected.

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

### Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted certain matters that we have reported to management of the Authority in a separate letter dated February 17, 2012.

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

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

**Charles E. Harris and Associates, Inc.**

February 17, 2012

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit report, as of December 31, 2009 and 2008 reported no material citations or recommendations.



# Dave Yost • Auditor of State

PORTAGE COUNTY PORT AUTHORITY

PORTAGE 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 24, 2012