



Dave Yost • Auditor of State



WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Wood County Port Authority  
Wood County  
932 Dixie Highway  
Rossford, Ohio 43460

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Wood County Port Authority, Wood County, Ohio (the Port Authority), a component unit of Wood County, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Port Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Port Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wood County Port Authority, Wood County, Ohio as of December 31, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port Authority's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

May 5, 2014

**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED**

The discussion and analysis of Wood County Port Authority's (Port Authority) financial performance provides an overall review of the Port Authority's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole; readers are encouraged to consider information presented here as well as the basic financial statements to enhance their understanding of the Port Authority's financial performance.

**Using this Financial Report**

This report consists of two parts, the Management's Discussion and Analysis and the basic financial statements. The basic financial statements include a statement of net position; statement of revenues, expenses and changes in net position; and a statement of cash flows. Since the Port Authority only uses one fund for its operations, the entity-wide and the fund presentation information is the same.

***Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position***

The Statement of Net Position answers the question, "How did we do financially during 2013?" This statement includes all assets and liabilities, both financial and capital, and current 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. The basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This change in net position is important because it tells the reader whether, for the Port Authority as a whole, the financial position of the Port Authority has improved or diminished. However, in evaluating the overall position of the Port Authority, non-financial information will also need to be evaluated.

This section contains a condensed comparison of assets, liabilities, net position, revenues and expenses and explanations for significant differences.

Table 1 provides a summary of the Port Authority's net position for 2013 and 2012.

**Table 1  
Net Position**

	2013	2012
<b>Assets:</b>		
<i>Current Assets:</i>		
Equity in Pooled Cash & Cash Equivalents	\$331,534	\$231,051
Accounts Receivable	\$36,162	
Grant Receivable	529,073	103,698
<i>Noncurrent Assets:</i>		
Nondepreciable Capital Assets	7,235,105	7,495,377
Note Receivable	20,000	20,000
Accrued Interest Receivable	7,876	6,876
<i>Total Noncurrent Assets</i>	7,262,981	7,522,253
<i>Total Assets</i>	8,159,750	7,857,002
<b>Liabilities:</b>		
<i>Current Liabilities:</i>		
Accounts Payable	561,709	157,452
<b>Net Position:</b>		
Net Investment in Capital Assets	7,235,105	7,495,377
Unrestricted	362,936	204,173
<i>Total Net Position</i>	\$7,598,041	\$7,699,550

**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(CONTINUED)**

In 2013, total net position decreased by \$101,509 due to a negative change in fund assets. Total liabilities increased by \$404,257 from 2012 due to accounts payable related to projects funded by grants.

Table 2 shows the changes in net position for the years ended December 31, 2013 and 2012. In 2013, total net position decreased by \$101,509. This number reflects a decrease in net position due to the removal of capitalized assets.

The change to 2013 noted above was related to the removal of the State Route 25 Project capitalized assets.

**Table 2  
Revenues and Expenses**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES:</b>		
Administrative Fee	\$245,000	\$50,000
<b>OPERATING EXPENSES:</b>		
Advertising	1,545	
Bank Charges	90	98
Board Member Compensation	4,699	6,875
Board Member Expenses	65	
Dues and Subscriptions	230	310
Engineering Expenses	93,265	
Insurance and Bonding	5,508	7,939
Legal and Professional Fees	159,004	62,728
Real Estate Taxes		611
Miscellaneous	3,097	
<b>Total Operating Expenses</b>	<u>267,503</u>	<u>78,561</u>
<b>Operating Loss</b>	<u>(22,503)</u>	<u>(28,561)</u>
<b>NON-OPERATING REVENUES:</b>		
Contributions	126,162	22,500
Interest Income	1,194	1,213
Intergovernmental Revenue	962,350	265,101
<b>Total Non-Operating Revenues</b>	<u>1,089,706</u>	<u>288,814</u>
<b>NON-OPERATING EXPENSES:</b>		
Construction Expenses	878,568	14,405
Deposit for Real Estate Purchase	2,000	
Decrease in Non-Depreciable Assets	288,144	
<b>Total Non-Operating Expenses</b>	<u>1,168,712</u>	<u>14,405</u>
<b>Change in Fund Net Position</b>	<u>(101,509)</u>	<u>245,848</u>
<b>Net Position, Beginning of Year</b>	<u>7,699,550</u>	<u>7,453,702</u>
<b>Net Position, End of Year</b>	<u><u>\$7,598,041</u></u>	<u><u>\$7,699,550</u></u>



**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(CONTINUED)**

**Capital Assets**

The Port Authority's asset capitalization minimum is \$5,000. The Port Authority had \$7,235,105 and \$7,495,377 in capital assets as of December 31, 2013 and 2012, respectively. See Note 5 for details.

**Contacting the Port Authority's Financial Management**

This financial report is intended to provide our citizens, investors and creditors with a general overview of the Port Authority's finances and to demonstrate the Port Authority's accountability for the revenue it receives. If you have questions about this report or need additional financial information, contact the Port Authority's General Counsel at Wood County Port Authority, 932 Dixie Highway, Rossford, Ohio 43460-1333.

**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2013**

**Assets:**

*Current Assets:*

Equity in Pooled Cash and Cash Equivalents	\$331,534
Accounts Receivable	36,162
Grant Receivable	529,073
	<hr/>

*Total Current Assets* 

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896,769

*Noncurrent Assets:*

Nondepreciable Capital Assets	7,235,105
Note Receivable	20,000
Accrued Interest Receivable	7,876
	<hr/>

*Total Noncurrent Assets* 

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7,262,981

*Total Assets* 

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8,159,750

**Liabilities:**

*Current Liabilities:*

Accounts Payable	561,709
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**Net Position:**

Net Investment in Capital Assets	7,235,105
Unrestricted	362,936
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*Total Net Position* 

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\$7,598,041

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

**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Operating Revenues:**

Administrative Fee	<u>\$245,000</u>
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**Operating Expenses:**

Advertising	1,545
Bank Charges	90
Board Member Compensation	4,699
Board Member Expenses	65
Dues and Subscriptions	230
Engineering Expenses	93,265
Insurance and Bonding	5,508
Legal and Professional Fees	159,004
Miscellaneous	<u>3,097</u>

Total Operating Expenses	<u>267,503</u>
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Operating Loss	<u>(22,503)</u>
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**Non-Operating Revenues:**

Contributions From Developers	126,162
Interest Income	1,194
Intergovernmental Revenue	<u>962,350</u>

Total Non-Operating Revenues	<u>1,089,706</u>
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**Non-Operating Expenses:**

Construction Expenses	878,568
Deposit for Real Estate Purchase	2,000
Decrease in Non-Depreciable Assets	<u>288,144</u>

Total Non-Operating Expenses	<u>1,168,712</u>
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Change in Fund Net Position	(101,509)
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<b>Net Position Beginning of Year</b>	<u>7,699,550</u>
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<b>Net Position End of Year</b>	<u><u>\$7,598,041</u></u>
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*The notes to the financial statements are an integral part of this statement.*

**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Increase in Cash and Cash Equivalents**

*Cash Flows Used by Operating Activities:*

Cash Payments for Advertising	(\$1,545)
Cash Payments for Bank Charges	(90)
Cash Payments for Board Member Compensation	(5,699)
Cash Payments for Board Member Expenses	(65)
Cash Payments for Dues and Subscriptions	(230)
Cash Payments for Engineering Expenses	(82,231)
Cash Payments for Legal and Professional Fees	(150,276)
Cash Payments for Insurance and Bonding	(5,508)
Cash Payments for Miscellaneous Expenses	(3,097)
Cash Receipts for Administrative Fees	235,000
	<u>235,000</u>

*Net Cash Used by Operating Activities* (13,741)

*Cash Flows from Noncapital Financing Activities*

Contribution From Developer	100,000
Intergovernmental Revenue	536,975
	<u>636,975</u>

*Net Cash Provided by Noncapital Financing Activities* 636,975

*Cash Flows Used by Capital and Related Financing Activities*

Cash Payments for Nondepreciable Capital Assets	(27,872)
Cash Payments for Construction Expenses	(493,073)
Cash Payments for Deposit for Real Estate Purchase	(2,000)
	<u>(522,945)</u>

*Net Cash Used by Capital and Related Financing Activities* (522,945)

*Cash Flows from Investing Activities*

Interest on Investments	194
	<u>194</u>

Net Decrease in Cash 100,483

*Cash Beginning of Year* 231,051

*Cash End of Year* \$331,534

**Reconciliation of Operating Loss to Net Cash Used by Operating Activities**

**Operating Loss** (\$22,503)

*Adjustments to Reconcile Operating Loss to Net Cash Adjustments:*

(Increase) in Accounts Receivable	(10,000)
Increase in Accounts Payable	18,762
	<u>18,762</u>

**Net Cash Used by Operating Activities** (\$13,741)

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

**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Wood County Port Authority (the Port Authority) is presented to assist in understanding the entity's financial statements. The financial statements and notes are representations of the entity's management and board who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles for governmental agencies including those principles prescribed by the Governmental Accounting Standard Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled *Audits of States, Local Governments*. The above policies have been consistently applied in the preparation of the financial statements.

**A. Reporting Entity**

Wood County Port Authority, Wood County, Ohio 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 pursuant to the authority of Section 4582.22 of the Ohio Revised Code. Its territorial limits encompass all of Wood County.

The Port Authority was formerly known as the Northern Wood County Port Authority and was created by the City of Rossford, Ohio and Perrysburg Township, Wood County, Ohio. On July 23, 2010, the Wood County Commissioners, the Mayor of the City of Rossford, and the Perrysburg Township Trustees executed an agreement wherein Wood County joined the Port Authority. The agreement provides that the jurisdiction of the Port Authority is expanded to include all of Wood County, Ohio. The Port Authority shall be governed by a board of directors pursuant to RC 4582.27. The Board shall consist of seven (7) members. Initially, two Board members shall be appointed by the Mayor of the City; two appointed by Township Trustees; two appointed by the Wood County Commissioners; and one appointed jointly by the Mayor, the Trustees, and the Commissioners. The Directors from the City and Township will continue their respective terms. The Commissioners appointed two Board Members immediately after signing the agreement. The Joint Appointee shall be the current joint appointee of the City and Township. All terms will be four year terms with the initial terms of the County appointees being staggered by two years. Upon the first vacancy of a City, Township, and Joint Appointee, either through the expiration of term of office, by resignation, or otherwise, the Wood County Commissioners shall appoint the successor to each of those terms, until the Wood County Commissioners have a total of five (5) appointments to the Port Authority Board, except that in no event shall there be less than one representative of the City and Township on the Board of Directors at any one time.

The Port Authority is included as a component unit in Wood County's financial statements.

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

**B. Basis of Accounting**

The financial statements of the Port Authority have been prepared in conformity with generally accepted accounting principles (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.

**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

The Port Authority's basic financial statements consist of a statement of net position; a statement of revenue, expenses and changes in net position; and a statement of cash flows. The Port Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of operating income, the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

***C. Measurement Focus***

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Port Authority are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Port Authority finances and meets the cash flow needs of its enterprise activity.

***D. Fund Accounting***

The Port Authority maintains an Enterprise Fund, a proprietary fund type, which is the general operating fund and is used to account for all financial resources of the Port Authority. This fund is used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges.

***E. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The Port Authority did not report any deferred outflows of resources for 2013.

In addition to liabilities, the statement of net position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Port Authority did not report any deferred inflows of resources for 2013.

***F. Capital Assets***

All 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 value on the date donated. The Port Authority has a capitalization threshold of \$5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expended when incurred.

***G. Net Position***

Net position represents the difference between assets and liabilities. Net investment in capital assets, consist of capital assets, and if applicable, net of accumulated depreciation and related debt. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Port Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Port Authority applies restricted resources when an

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WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

expense is incurred for purposes for which both restricted and unrestricted net position are available. The Port Authority did not have any restricted net position for 2013.

***H. Statement of Cash Flows***

For the purposes of the statement of cash flows, the Port Authority considers all short term investments with a maturity of three months or less at the time they are acquired to be cash equivalents.

***I. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from primary activities. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Port Authority. All revenues and expenses not meeting these definitions are reported as non-operating.

***J. Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2: CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2013, the Port Authority has implemented GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*".

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Port Authority.

**NOTE 3: CASH AND CASH EQUIVALENTS**

Monies held by the Port Authority are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Port Authority treasury. Active 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 Board has identified as not required for use within the current five 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, passbook 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. Interim monies held by the Port Authority can be deposited or invested in the following securities:

**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

1. United States Treasury bills, bonds, notes, 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 obligation or security 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;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2); and
7. The State Treasurer's investment pool (STAR Ohio).

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 Port Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Protection of the Port Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**Deposits**

Custodial credit risk for deposits is the risk that, in the event of bank failure, the Port Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2013, none of the Port Authority's bank balance of \$339,686 was exposed to custodial credit risk because it was uninsured or uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Port Authority to a successful claim by the FDIC.

The Port Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Port Authority or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**NOTE 4: NOTES RECEIVABLE**



**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

The Port Authority issued a \$50,000 promissory note to the Rossford Transportation Improvement District (RTID) on May 22, 2006. The loan was issued at 5% interest with a 3% administrative fee which was paid upon receipt of the reimbursement from grant funds on October 31, 2006. The RTID paid \$30,000 of the principal on January 23, 2007. The balance of the promissory note was extended to July 1, 2015. The current balance receivable is \$20,000.

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance 01/01/13	Additions	Deletions	Balance 12/31/13
Capital Assets:				
Nondepreciable Capital Assets	\$ 7,495,377	\$ 27,872	\$ 288,144	\$ 7,235,105

The capital assets, consisting of the Liberty Hi Road and Chessie Circle Trail (formally known as Westside Corridor) Projects, will be transferred off the balance sheet after the Port Authority's planned dedication to various entities.

**NOTE 6: RISK MANAGEMENT**

**Risk Pool Membership**

The Port Authority belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**WOOD COUNTY PORT AUTHORITY  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2012 and 2011 (the latest information available).

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**NOTE 7: FINANCING ACTIVITY**

During fiscal year 2013, the Port Authority received operating monies from the City of Rossford, Perrysburg Township Trustees, and Wood County Commissioners totaling \$22,500.

**NOTE 8: CONTINGENCIES**

**Grants**

The Port Authority received financial assistance from State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Port Authority. However, the effect of any such disallowed claims on the overall financial position of the Port Authority at December 31, 2013, if applicable, cannot be determined at this time.

**NOTE 9: CONDUIT DEBT**

**OI Levis Park STS, Inc.**

In November 2005, the Port Authority issued \$10,570,000 of Rossford/Perrysburg Township Joint Economic Development Authority/Port Authority Taxable Development Revenue Bonds, Series 2005. The proceeds of the revenue bonds were used to fund the completion of the OI World Headquarters office building. The Port Authority has leased the property on which this building is located and owns the building. The Port Authority has leased the building to OI Levis Park STS, Inc. The lease is non-cancelable until the underlying revenue bonds are paid in full. The lease payments cover the principal and interest payments on the Revenue Bonds, Series 2005. All expenses related to the revenue bonds and the maintenance of the building is the responsibility of OI Levis Park STS, Inc.

OI Levis Park STS, Inc. pays the lease payments directly to the trustee. In addition, an agreement to guarantee the indebtedness was executed by Owens-Brockway Glass Container, Inc. and the Port Authority.

In accordance with Governmental Accounting Standards, these revenue bonds issued by the Port Authority are considered conduit debt and do not create a liability and therefore are not presented on the Port Authority's financial statements. The Port Authority has no responsibility for the repayment of the debt and the lease payments are paid directly to the trustee by OI Levis Park STS, Inc.

**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**Middleton Township, LLC**

On July 25, 2012, the Port Authority issued \$10,500,000 of Wood County Port Authority Taxable Development Revenue Bonds, Series 2012. The proceeds of the revenue bonds are being used to fund the completion of a distribution center for Middleton Township OH (20750 Midstar) LLC. The Port Authority has leased the property on which this building is located and owns the building. The Port Authority has leased the building to Middleton Township OH (20750 Midstar) LLC. The lease is non-cancelable until the underlying revenue bonds are paid in full. The lease payments cover the principal and interest payments on the Revenue Bonds, Series 2012. All expenses related to the revenue bonds and the maintenance of the building is the responsibility of Middleton Township OH (20750 Midstar) LLC. Middleton Township OH (20750 Midstar) LLC pays the lease payments directly to the trustee.

In accordance with Governmental Accounting Standards, these revenue bonds issued by the Port Authority are considered conduit debt and do not create a liability and therefore are not presented on the Port Authority's financial statements. The Port Authority has no responsibility for the repayment of the debt and the lease payments are paid directly to the trustee by Middleton Township OH (20750 Midstar) LLC.

In July 2013, Middleton Township OH (20750 Midstar) LLC sold the distribution center and the bonds were redeemed and paid in full. The lease to the building was cancelled pursuant to the bond agreements.

**HD Troy OH Landlord, LLC**

In August 2013, the Port Authority issued \$75,000,000 of Wood County Port Authority Taxable Development Revenue Bonds, Series 2013. The proceeds of the revenue bonds were used to fund the completion of a 1,600,000 square foot distribution center. The Port Authority has leased the property on which this building is located and owns the building. The Port Authority has leased the building to HD Troy OH Landlord, LLC. The lease is non-cancelable until the underlying revenue bonds are paid in full. The lease payments cover the principal and interest payments on the Revenue Bonds, Series 2013. All expenses related to the revenue bonds and the maintenance of the building is the responsibility of HD Troy OH Landlord, LLC.

In accordance with Governmental Accounting Standards, these revenue bonds issued by the Port Authority are considered conduit debt and do not create a liability and therefore are not presented on the Port Authority's financial statements. The Port Authority has no responsibility for the repayment of the debt and the lease payments are paid directly to the trustee by HD Troy OH Landlord, LLC. During 2013, the Port Authority received the sum of \$225,000 in consideration for the issuance of the revenue bonds.

**NOTE 10: LIBERTY HI ROAD PROJECT**

On August 17, 2010, the Port Authority contracted with the Ohio Department of Transportation, CSX Transportation, Inc., and Wood County whereby the Port Authority agreed to construct a grade separation at the intersection of Liberty Hi Road, in Henry Township, Wood County, Ohio. CSX Transportation, Inc. agreed to provide real property necessary for the construction of the roadway improvement valued at \$883,304 and it agreed to provide cash for the roadway improvement in the amount of \$5,774,470. The Port Authority also received a roadway improvement grant from the Ohio Department of Development in the amount of \$600,000. The roadway improvement was substantially completed by August 11, 2011, however, the roadway improvement has not yet been dedicated to the County due to issues with the roadway.

**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**NOTE 11: CHESSIE CIRCLE TRAIL PROJECT (FORMALLY KNOWN AS WESTSIDE CORRIDOR PROJECT)**

Since 2003, efforts have been underway to purchase approximately 11 miles of the CSX Toledo Terminal Westside Corridor, located in Wood and Lucas County, Ohio, to preserve the rail right-of-way for future use. The rail corridor extends from Laskey Road, to River Road in Toledo, Lucas County, Ohio and from River Road (State Route 65) to Bates Road in Perrysburg Township, Wood County, Ohio.

A consortium of public entities combined to purchase the rail corridor using federal transportation funds. The consortium members include the Trust for Public Land, Metroparks of the Toledo Area, University of Toledo, City of Toledo, Wood County Park District, Wood County Port Authority, and the Toledo Metropolitan Area Council of Governments (TMACOG).

Through the sale process, the Wood County Port Authority acquired the real property from River Road in Lucas County to River Road (State Route 65) in Wood County, including a bridge spanning the Maumee River and a value for the property and bridge was assigned to the Port Authority in the amount of \$320,091. The Port Authority intends to remove the bridge and insure that alternative transportation access is expanded to provide the crossing of the Maumee River from Wood to Lucas County.

**NOTE 12: STATE ROUTE 25 PROJECT**

On October 1, 2012, the Port Authority contracted with Middleton Township OH (20750 Midstar), LLC, whereby the Port Authority agreed to construct turn lanes on State Route 25, in Middleton Township, Wood County, Ohio. The Port Authority received a roadway improvement grant from the Ohio Development Services Agency in the amount of \$150,000 and a grant from the Ohio Department of Transportation, Jobs & Commerce Economic Development program in the amount of \$200,000. The roadway improvement was substantially completed and removed as a Port Authority capital asset in 2013.

**NOTE 13: SOUTHWOOD EMS DISTRICT PROJECT**

On August 13, 2012, Wood County Port Authority obtained a Local Government Innovation Fund Grant in the amount of \$81,300. The Grant was the result of the collaboration among the Wood County Port Authority, the Village of North Baltimore, the Village of Hoytville, the Henry Township Trustees, the Jackson Township Trustees, and the Southwood EMS District. The purpose of the grant is to fund a feasibility study for the potential for a shared, centralized emergency medical services facility. The grant represents approximately 86.2 percent of the anticipated cost of the study. On February 20, 2013, after issuing a request for qualifications and duly rating the qualifications of the responding entities, the Port Authority retained the services of Poggemeyer Design Group to conduct the feasibility study.

**NOTE 14: POTTER ROAD PROJECT**

On December 31, 2012 the Port Authority contracted with the Willmar Holdings, LLC whereby the Port Authority agreed to reconstruct a section of Potter Road, in Henry Township, Wood County, Ohio. Willmar Holdings, LLC. agreed to provide real property necessary for the construction of the roadway improvement and agreed to provide cash for the roadway improvement in the amount of \$100,000. The Port Authority also received a roadway improvement grant from the Ohio Department of Transportation Jobs & Commerce Economic Development program in the amount of \$300,000. Bidding for the roadway improvement commenced on March 15, 2013. The contract was awarded to Paschal Bihn & Sons Excavating, Inc. and the road was finally completed in September 2013.

**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**NOTE 15: EASTWOOD DRIVE**

On August 2013, the Port Authority contracted with Seefried Properties, Inc. whereby the Port Authority agreed to construct a roadway improvement in Troy Township, Wood County, Ohio. The Port Authority received a roadway improvement grant from the Ohio Development Services Agency in the amount of \$250,000 and a grant from the Ohio Department of Transportation, Jobs & Commerce Economic Development program in the amount of \$490,000. The contract was awarded to Miller Brothers Construction, Inc. and the roadway construction began in October 2013.

**NOTE 16: CITY OF ROSSFORD, ROSSFORD SCHOOL DISTRICT AND ROSSFORD VISITORS AND CONVENTION FOR SHARED SERVICES**

On December 5, 2013, the Wood County Port Authority obtained a Local Government Innovation Fund Grant in the amount of \$100,000. The Grant was the result of the collaboration among the Wood County Port Authority, the City of Rossford, the Rossford School District, and the Rossford Visitors and Convention Bureau. The purpose of the grant is to fund a feasibility study for the potential for shared, centralized services and facilities.

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# Dave Yost • Auditor of State

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

Wood County Port Authority  
Wood County  
932 Dixie Highway  
Rossford, Ohio 43460

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Wood County Port Authority, Wood County, Ohio (the Port Authority) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated May 5, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Port Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Port Authority's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Port Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

### ***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Port Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Port Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

May 5, 2014



**WOOD COUNTY PORT AUTHORITY  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013**

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

**FINDING NUMBER 2013-001**

**Financial Reporting - Material Weakness**

Accurate financial reporting is the responsibility of the Treasurer and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. There were numerous errors noted in the compiling of the GAAP financial statements resulting in audit adjustments ranging in amounts from \$41 to \$520,415.

We recommend the Port Authority adopt policies and procedures, including a final review of the statements by the Treasurer and Board, to identify and correct errors and omissions. The Treasurer should also review the Port Authority's statements to ensure all transactions are being properly posted to the financial statements.

**Officials' Response:**

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

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# Dave Yost • Auditor of State

**WOOD COUNTY PORT AUTHORITY**

**WOOD 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 27, 2014**