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Certified Public Accountants, A.C.

**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY
Regular Audit
For the Years Ended December 31, 2015 and 2014**

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...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
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Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Members of the Board
Butler County Port Authority
315 High Street
Hamilton, Ohio 45011

We have reviewed the *Independent Auditor's Report* of the Butler County Port Authority, Butler County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. 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.

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 Butler 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

August 3, 2016

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**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------------|
| Independent Auditor's Report | 1 |
| 2015 Management's Discussion and Analysis..... | 3 |
| 2015 Basic Financial Statements: | |
| Statement of Net Position | 7 |
| Statement of Revenues, Expenses and Change in Net Position | 8 |
| Statement of Cash Flows | 9 |
| Notes to the Basic Financial Statements | 10 |
| 2014 Management's Discussion and Analysis..... | 16 |
| 2014 Basic Financial Statements: | |
| Statement of Net Position | 20 |
| Statement of Revenues, Expenses and Change in Net Position | 21 |
| Statement of Cash Flows | 22 |
| Notes to the Basic Financial Statements | 23 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 31 |
| Schedule of Audit Findings | 33 |
| Schedule of Prior Audit Findings..... | 35 |

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INDEPENDENT AUDITOR'S REPORT

June 24, 2016

Butler County Port Authority
Butler County
315 High Street
Hamilton, Ohio 45011

To the Member of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Butler County Port Authority**, Butler County, Ohio (the Port Authority), a component unit of the Butler County, as of and for the years ended December 31, 2015 and 2014, 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 the overall financial statement presentation.

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



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- Association of Certified Anti - Money Laundering Specialists •

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Butler County Port Authority, Butler County, Ohio as of December 31, 2015 and 2014, and the respective changes in its financial position and its cash flows for the years 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 June 24, 2016 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2015
(Unaudited)

The discussion and analysis of the Butler County Port Authority (the "Port Authority") financial performance provides an overall review of the financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Port Authority's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- The Port Authority generated \$61,668 in charges for services during the year.
- The Port Authority's cash balance decreased \$63,457 during 2015 to \$102,113 at December 31, 2015.
- The Port Authority's net position decreased \$442 during 2015.

Using this Financial Report

This financial report contains the basic financial statements of the Port Authority, as well as the Management's Discussion and Analysis and notes to 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. As the Port Authority reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information are the same.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2015
(Unaudited)

Statement of Net Position

The statement of net position 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 debt, using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Port Authority’s net position for 2015 and 2014.

Table 1 - Net Position

| | 2015 | 2014 |
|--------------------------|------------|------------|
| Assets | | |
| Current and Other Assets | \$ 109,613 | \$ 165,570 |
| Long-Term Assets | 62,640,000 | 52,690,000 |
| Total Assets | 62,749,613 | 52,855,570 |
| Liabilities | | |
| Current Liabilities | 2,753 | 58,268 |
| Long-Term Liabilities | 62,640,000 | 52,690,000 |
| Total Liabilities | 62,642,753 | 52,748,268 |
| Net Position | | |
| Unrestricted | 106,860 | 107,302 |
| Total Net Position | \$ 106,860 | \$ 107,302 |

The Port Authority’s current assets (cash) and current liabilities (due to other governments) decreased during 2015 as the Port Authority retired a short-term loan of \$45,999 that was provided in 2014 by Butler County.

Long-term assets and long-term liabilities increased significantly from 2014 to 2015 as there were two new conduit debt issuances in 2015 – the Colonial Senior Services, Inc. and Mother Teresa Catholic Elementary School conduit debt issuances of \$6,200,000 and \$3,750,000, respectively. See Note 5 to the financial statements for more information on conduit debt.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2015
(Unaudited)

Table 2 - Changes in Net Position

| | 2015 | 2014 |
|--------------------------------------|------------|------------|
| Operating Revenues | | |
| Charges for Services | \$ 61,668 | \$ 184,849 |
| Total Operating Revenues | 61,668 | 184,849 |
| Operating Expenses | | |
| Salaries | - | 27,521 |
| Fringe Benefits | - | 24,197 |
| Purchased Services | 14,514 | 22,290 |
| Contractual Services | 25,577 | - |
| Intergovernmental | 22,075 | 7,343 |
| Total Operating Expenses | 62,166 | 81,351 |
| Operating (Loss) | (498) | 103,498 |
| Nonoperating Revenues (Expenses) | | |
| Interest Revenue | 56 | 9 |
| Total Nonoperating Revenue (Expense) | 56 | 9 |
| Change in Net Position | (442) | 103,507 |
| Net Position Beginning of Year | 107,302 | 3,795 |
| Net Position, End of Year | \$ 106,860 | \$ 107,302 |

During 2015, the Port Authority realized decreased charges for services compared to 2014 as the Port Authority was involved with significant projects that were advancing within Liberty Township in 2014. Further, operating expenses decreased in 2015 compared to 2014 as the Port Authority eliminated personnel and increased operational efficiency by sharing certain services with Butler County.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2015
(Unaudited)

Capital Assets

The Port Authority reported no capital assets at December 31, 2015.

Debt

The Port Authority reported no debt at December 31, 2015.

Contacting the Port Authority

This financial report is designed to provide a general overview of the finances of the Butler County Port Authority and to show the Port Authority's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Butler County Port Authority, 315 High Street, Hamilton, Ohio 45011.

BUTLER PORT AUTHORITY
BUTLER COUNTY
Statement of Net Position
December 31, 2015

Assets

| | |
|---|-------------------|
| Current Assets | |
| Cash and Cash Equivalents | \$ 102,113 |
| Accounts Receivable | 7,500 |
| Total Current Assets | <u>109,613</u> |
| | |
| Long-Term Assets | |
| Receivable from Conduit Debt Recipients | <u>62,640,000</u> |
| | |
| <i>Total Assets</i> | <u>62,749,613</u> |

Liabilities

| | |
|--|-------------------|
| Current Liabilities | |
| Accounts Payable | <u>2,753</u> |
| | |
| Long-Term Liabilities | |
| Payable to Conduit Debt Financial Institution Trustees | <u>62,640,000</u> |
| Current Portion of Long-term Debt | |
| | |
| <i>Total Liabilities</i> | <u>62,642,753</u> |
| | |
| Net Position | |
| Unrestricted | <u>106,860</u> |
| | |
| <i>Total Net Position</i> | <u>\$ 106,860</u> |

See accompanying notes to the basic financial statements.

**BUTLER PORT AUTHORITY
BUTLER COUNTY
Statement of Revenues, Expenses
and Changes in Net Position
For the Year Ended December 31, 2015**

Operating Revenues

| | |
|---------------------------------|---------------|
| Charges for Services | \$ 61,668 |
| <i>Total Operating Revenues</i> | <u>61,668</u> |

Operating Expenses

| | |
|----------------------|---------------|
| Purchased Services | 14,514 |
| Contractual Services | 25,577 |
| Intergovernmental | <u>22,075</u> |

| | |
|---------------------------------|---------------|
| <i>Total Operating Expenses</i> | <u>62,166</u> |
|---------------------------------|---------------|

| | |
|-------------------------|-------|
| <i>Operating (Loss)</i> | (498) |
|-------------------------|-------|

Non-Operating Revenues (Expenses)

| | |
|--|-----------|
| Interest Revenue | <u>56</u> |
| <i>Total Non-Operating Revenues (Expenses)</i> | <u>56</u> |

| | |
|-------------------------------|-------|
| <i>Change in Net Position</i> | (442) |
|-------------------------------|-------|

| | |
|--|----------------|
| <i>Net Position, Beginning of Year</i> | <u>107,302</u> |
|--|----------------|

| | |
|----------------------------------|--------------------------|
| <i>Net Position, End of Year</i> | <u><u>\$ 106,860</u></u> |
|----------------------------------|--------------------------|

See accompanying notes to the basic financial statements.

**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY
Statement of Cash Flows
For the Year Ended December 31, 2015**

| | |
|---|--------------------------|
| Cash Flows from Operating Activities: | |
| Cash Received from Customers | \$ 49,712 |
| Cash Payments for Goods and Services | <u>(67,226)</u> |
| <i>Net Cash Provided (Used) by Operating Activities</i> | <u>(17,514)</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| Payments on Intergovernmental Loan | <u>(45,999)</u> |
| <i>Net Cash Provided (Used) in Capital and Related Financing Activities</i> | <u>(45,999)</u> |
| Cash Flows from Investing Activities: | |
| Interest Received | <u>56</u> |
| <i>Net Cash Provided (Used) by Investing Activities</i> | <u>56</u> |
| <i>Net Increase in Cash and Cash Equivalents</i> | (63,457) |
| <i>Cash and Cash Equivalents at Beginning of Year</i> | <u>165,570</u> |
| <i>Cash and Cash Equivalents at End of Year</i> | <u><u>\$ 102,113</u></u> |

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

| | |
|---|---------------------------|
| <i>Operating Loss</i> | \$ (498) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| (Increase) Decrease in Assets: | |
| Accounts Receivable | (7,500) |
| Increase (Decrease) in Liabilities: | |
| (Decrease) Increase in Accounts Payable | (5,060) |
| (Decrease) Increase in Unearned Revenue | <u>(4,456)</u> |
| <i>Net Cash Provided by Operating Activities</i> | <u><u>\$ (17,514)</u></u> |

See accompanying notes to the basic financial statements.

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2015

1. DESCRIPTION OF THE REPORTING ENTITY

The Butler County Port Authority (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 was established in September 2004 pursuant to section 4582.22 of the Ohio Revised Code by resolution of Butler County. The seven voting member Board of Directors directs the Port Authority.

The Port Authority provides services that are enumerated in Sections 4582.21 to 4582.29 of the Ohio Revised Code. The services include but are not limited to the power to purchase, construct, reconstruct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities.

The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all divisions and operations for which the Port Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization’s government board and able to impose its will on the organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or to impose specific financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Port Authority itself is included in the financial reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of Butler County Port Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Basis of Presentation

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

B. Measurement Focus and Basis of Accounting

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

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

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

C. Budgetary Data

Ohio Revised Code Section 4582.39 requires the port authority to annually prepare a budget.

Ohio Revised Code Section 5705(B)(2)(a) requires the Port Authority, on or before the fifteenth day of July each year, to adopt an operating budget for the ensuing fiscal year. The operating budget should 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.

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2015

Ohio Revised Code Section 5705(B)(2)(b) requires the Port Authority to certify beginning balances on or about the first day of each fiscal year; certify revenue available for appropriation; adopt appropriations within available resources; certify the availability of funds prior to incurring obligations; and, limit expenditures to appropriations for each fund. However, documents prepared in accordance with such Sections are not required to be filed with the county auditor or county budget commission.

D. Cash and Cash Equivalents

The Port Authority maintains a cash management program whereby cash is deposited with a banking institution in Butler County. The agreements restrict activity to certain deposits. These deposits are stated at cost which approximates market value. Investment procedures are restricted by the provisions of the Ohio Revised Code. The Port Authority had no investments at the end of the year.

For purposes of the statement of cash flows and for the presentation on the statement of net position, the funds in the cash management pool are considered to be cash equivalents.

E. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the Port Authority's primary mission. For the Port Authority, operating revenues include intergovernmental contributions to fund operations and local business contributions to work on grant applications, as well as administrative fees charged to cover operating expenses. Operating expenses are necessary costs incurred to support the Port Authority's primary mission.

Non-operating revenues and expenses are those that are not generated directly by the Port Authority's primary mission. Various state grants, local government contributions, interest income and expenses comprise the non-operating revenues and expenses of the Port Authority.

F. Accrued Liabilities

In general, payables and accrued liabilities are reported as obligations regardless of whether they will be liquidated with current resources.

G. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Port Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

H. Conduit Debt Financing

One of the Port Authority's main functions is to provide Butler County companies and organizations with the ability to issue debt at a tax-exempt rate. These companies may use the Port Authority's tax-exempt status for such offerings by issuing conduit revenue bonds backed by reimbursement agreements with the Port Authority and trustee. The Port Authority has recognized both a *Receivable from Conduit Debt Recipients* and a *Payable to Conduit Debt Financial Institution Trustees* for the approximate, aggregate amount of principal outstanding on conduit debt at year end. See Note 5 for more information on conduit debt outstanding.

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. DEPOSITS AND INVESTMENTS

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

Deposits

At fiscal year-end, the carrying value of the Port Authority's deposits was \$102,113 and the bank balance was \$102,113. All of the bank balance was insured by federal depository insurance. Based on criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2015, \$0 of the deposits were exposed to custodial credit risk.

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.

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2015

4. RISK MANAGEMENT

The Port Authority is covered by general liability and public official liability insurance. Settled claims have not exceeded insurance coverage in the past three years.

5. CONDUIT DEBT

The Port Authority has issued various debt obligations on behalf of other entities that constitute conduit debt. While the Port Authority has no obligation for the conduit debt, the aggregate amount of conduit debt outstanding at year end has been recognized as a Payable to Conduit Debt Financial Institution Trustees in the Port Authority's Statement of Net Position in addition to an offsetting Receivable from Conduit Debt Recipients.

Conduit debt outstanding at December 31, 2015 consisted of the following:

| | |
|--|----------------------|
| Greater Miami Valley YMCA | \$ 15,380,000 |
| Liberty Center Project Series A | 11,085,000 |
| Liberty Center Project Series B | 6,045,000 |
| Liberty Center Project Series C | 20,180,000 |
| Colonial Senior Services, Inc. | 6,200,000 |
| Mother Teresa Catholic Elementary School | 3,750,000 |
| | <u>\$ 62,640,000</u> |

The Greater Miami Valley YMCA conduit debt was issued for the purpose of constructing a new facility in coordination with the Middletown Regional Hospital's Atrium Facility along Interstate 75 and the refinancing of outstanding debt on other YMCA facilities in Butler County.

The Liberty Center Project Series A, B and C conduit debt was issued for the purpose of acquiring and constructing certain public infrastructure improvements in relation to the Liberty Center Project.

The Colonial Senior Services, Inc. conduit debt was issued for the purpose of constructing a new rehabilitation facility in the City of Hamilton.

The Mother Teresa Catholic Elementary School conduit debt was issued for the purpose of expanding the Mother Teresa Catholic Elementary School in Liberty Township.

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2015

6. DUE TO OTHER GOVERNMENTS

During 2014, the Port Authority received an interest-free, short-term loan from the Butler County Board of County Commissioners to assist the Port Authority in meeting its current obligations. The amount of funds loaned to the Port Authority (and outstanding at December 31, 2014) was \$45,999. The balance of this short-term note was repaid in full by the Port Authority on March 13, 2015.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2014
(Unaudited)

The discussion and analysis of the Butler County Port Authority (the "Port Authority") financial performance provides an overall review of the financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Port Authority's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- The Port Authority generated \$184,849 in charges for services during the year.
- The Port Authority's cash balance increased \$155,006 during 2014 to \$165,570 at December 31, 2014.
- The Port Authority's net position increased \$103,507 during 2014.

Using this Financial Report

This financial report contains the basic financial statements of the Port Authority, as well as the Management's Discussion and Analysis and notes to 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. As the Port Authority reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information are the same.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2014
(Unaudited)

Statement of Net Position

The statement of net position 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 debt, using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Port Authority's net position for 2014 and 2013.

Table 1 - Net Position

| | 2014 | 2013 |
|--------------------------|------------|------------|
| Assets | | |
| Current and Other Assets | \$ 165,570 | \$ 10,564 |
| Long-Term Assets | 52,690,000 | 15,195,000 |
| Total Assets | 52,855,570 | 15,205,564 |
| Liabilities | | |
| Current Liabilities | 58,268 | 6,769 |
| Long-Term Liabilities | 52,690,000 | 15,195,000 |
| Total Liabilities | 52,748,268 | 15,201,769 |
| Net Position | | |
| Unrestricted | 107,302 | 3,795 |
| Total Net Position | \$ 107,302 | \$ 3,795 |

The Port Authority's current assets increased during 2014 as the Port Authority received significant charges for services that were primarily related to projects advancing within Liberty Township. Additionally, the Port Authority received short-term advances from Butler County during 2014 that resulted in additional current assets (and additional current liabilities) at December 31, 2014 when compared to December 31, 2013.

Long-term assets and long-term liabilities increased significantly from 2013 to 2014 as there were three new conduit debt issuances in 2014 related to the Liberty Center Project. See Note 5 to the financial statements for more information on conduit debt.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2014
(Unaudited)

Table 2 - Changes in Net Position

| | 2014 | 2013 |
|--------------------------------------|------------|------------|
| Operating Revenues | | |
| Charges for Services | \$ 184,849 | \$ 120,611 |
| Total Operating Revenues | 184,849 | 120,611 |
| Operating Expenses | | |
| Salaries | 27,521 | 84,915 |
| Fringe Benefits | 24,197 | 30,018 |
| Purchased Services | 22,290 | 24,360 |
| Intergovernmental | 7,343 | 7,597 |
| Total Operating Expenses | 81,351 | 146,890 |
| Operating (Loss) | 103,498 | (26,279) |
| Nonoperating Revenues (Expenses) | | |
| Interest Revenue | 9 | 11 |
| Total Nonoperating Revenue (Expense) | 9 | 11 |
| Change in Net Position | 103,507 | (26,268) |
| Net Position Beginning of Year | 3,795 | 30,063 |
| Net Position, End of Year | \$ 107,302 | \$ 3,795 |

During 2014, the Port Authority realized increased charges for services compared to 2013 as the Port Authority was involved with significant projects that were advancing within Liberty Township. Further, operating expenses decreased in 2014 compared to 2013 as the Port Authority eliminated personnel and increased operational efficiency by sharing certain services with Butler County.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2014
(Unaudited)

Capital Assets

The Port Authority reported no capital assets at December 31, 2014.

Debt

The Port Authority reported no debt at December 31, 2014.

Contacting the Port Authority

This financial report is designed to provide a general overview of the finances of the Butler County Port Authority and to show the Port Authority's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Butler County Port Authority, 315 High Street, Hamilton, Ohio 45011.

**BUTLER PORT AUTHORITY
BUTLER COUNTY
Statement of Net Position
December 31, 2014**

Assets

| | |
|---|-------------------|
| Current Assets | |
| Cash and Cash Equivalents | <u>\$ 165,570</u> |
| Long-Term Assets | |
| Receivable from Conduit Debt Recipients | <u>52,690,000</u> |
| <i>Total Assets</i> | <u>52,855,570</u> |

Liabilities

| | |
|--|-------------------|
| Current Liabilities | |
| Accounts Payable | 7,813 |
| Due to Other Governments | 45,999 |
| Unearned Revenue | <u>4,456</u> |
| <i>Total Current Liabilities</i> | <u>58,268</u> |
| Long-Term Liabilities | |
| Payable to Conduit Debt Financial Institution Trustees | <u>52,690,000</u> |
| Current Portion of Long-term Debt | |
| <i>Total Liabilities</i> | <u>52,748,268</u> |
| Net Position | |
| Unrestricted | <u>107,302</u> |
| <i>Total Net Position</i> | <u>\$ 107,302</u> |

See accompanying notes to the basic financial statements.

**BUTLER PORT AUTHORITY
BUTLER COUNTY
Statement of Revenues, Expenses
and ChangeS in Net Position
For the Year Ended December 31, 2014**

Operating Revenues

| | |
|---------------------------------|----------------|
| Charges for Services | \$ 184,849 |
| <i>Total Operating Revenues</i> | <u>184,849</u> |

Operating Expenses

| | |
|---------------------------------|---------------|
| Salaries | 27,521 |
| Fringe Benefits | 24,197 |
| Purchased Services | 22,290 |
| Intergovernmental | <u>7,343</u> |
| <i>Total Operating Expenses</i> | <u>81,351</u> |
| <i>Operating Income</i> | 103,498 |

Non-Operating Revenues (Expenses)

| | |
|--|--------------------------|
| Interest Revenue | <u>9</u> |
| <i>Total Non-Operating Revenues (Expenses)</i> | <u>9</u> |
| <i>Change in Net Position</i> | 103,507 |
| <i>Net Position, Beginning of Year</i> | <u>3,795</u> |
| <i>Net Position, End of Year</i> | <u><u>\$ 107,302</u></u> |

See accompanying notes to the basic financial statements.

**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY
Statement of Cash Flows
For the Year Ended December 31, 2014**

| | |
|--|------------|
| Cash Flows from Operating Activities: | |
| Cash Received from Customers | \$ 189,305 |
| Cash Payments to Employers for Services | (30,216) |
| Cash Payments for Goods and Services | (50,091) |
| | 108,998 |
| <i>Net Cash Provided (Used) by Operating Activities</i> | |
| | 108,998 |
| Cash Flows from Capital and Related Financing Activities: | |
| Payments on Intergovernmental Loan | 45,999 |
| | 45,999 |
| <i>Net Cash Provided (Used) in Capital and Related Financing Activities</i> | |
| | 45,999 |
| Cash Flows from Investing Activities: | |
| Interest Received | 9 |
| | 9 |
| <i>Net Cash Provided (Used) by Investing Activities</i> | |
| | 9 |
| <i>Net Increase in Cash and Cash Equivalents</i> | |
| | 155,006 |
| <i>Cash and Cash Equivalents at Beginning of Year</i> | |
| | 10,564 |
| <i>Cash and Cash Equivalents at End of Year</i> | |
| | \$ 165,570 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | |
| <i>Operating Loss</i> | \$ 103,498 |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Increase (Decrease) in Liabilities: | |
| (Decrease) Increase in Accounts Payable | 3,739 |
| (Decrease) Increase in Accrued Wages | (2,695) |
| (Decrease) Increase in Unearned Revenue | 4,456 |
| | 4,456 |
| <i>Net Cash Provided by Operating Activities</i> | |
| | \$ 108,998 |

See accompanying notes to the basic financial statements.

1. DESCRIPTION OF THE REPORTING ENTITY

The Butler County Port Authority (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 was established in September 2004 pursuant to section 4582.22 of the Ohio Revised Code by resolution of Butler County. The seven voting member Board of Directors directs the Port Authority.

The Port Authority provides services that are enumerated in Sections 4582.21 to 4582.29 of the Ohio Revised Code. The services include but are not limited to the power to purchase, construct, reconstruct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities.

The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all divisions and operations for which the Port Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization’s government board and able to impose its will on the organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or to impose specific financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Port Authority itself is included in the financial reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of Butler County Port Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Basis of Presentation

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

B. Measurement Focus and Basis of Accounting

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

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

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

C. Budgetary Data

Ohio Revised Code Section 4582.39 requires the port authority to annually prepare a budget.

Ohio Revised Code Section 5705(B)(2)(a) requires the Port Authority, on or before the fifteenth day of July each year, to adopt an operating budget for the ensuing fiscal year. The operating budget should 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.

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial
Statements December 31, 2014

Ohio Revised Code Section 5705(B)(2)(b) requires the Port Authority to certify beginning balances on or about the first day of each fiscal year; certify revenue available for appropriation; adopt appropriations within available resources; certify the availability of funds prior to incurring obligations; and, limit expenditures to appropriations for each fund. However, documents prepared in accordance with such Sections are not required to be filed with the county auditor or county budget commission.

D. Cash and Cash Equivalents

The Port Authority maintains a cash management program whereby cash is deposited with a banking institution in Butler County. The agreements restrict activity to certain deposits. These deposits are stated at cost which approximates market value. Investment procedures are restricted by the provisions of the Ohio Revised Code. The Port Authority had no investments at the end of the year.

For purposes of the statement of cash flows and for the presentation on the statement of net position, the funds in the cash management pool are considered to be cash equivalents.

E. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the Port Authority's primary mission. For the Port Authority, operating revenues include intergovernmental contributions to fund operations and local business contributions to work on grant applications, as well as administrative fees charged to cover operating expenses. Operating expenses are necessary costs incurred to support the Port Authority's primary mission.

Non-operating revenues and expenses are those that are not generated directly by the Port Authority's primary mission. Various state grants, local government contributions, interest income and expenses comprise the non-operating revenues and expenses of the Port Authority.

F. Accrued Liabilities

In general, payables and accrued liabilities are reported as obligations regardless of whether they will be liquidated with current resources.

G. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. At December 31, 2014, the Port Authority reported unearned revenue of \$4,456 which represents amounts collected for project-related fees that have not been earned.

H. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Port Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

I. Conduit Debt Financing

One of the Port Authority's main functions is to provide Butler County companies and organizations with the ability to issue debt at a tax-exempt rate. These companies may use the Port Authority's tax-exempt status for such offerings by issuing conduit revenue bonds backed by reimbursement agreements with the Port Authority and trustee. The Port Authority has recognized both a *Receivable from Conduit Debt Recipients* and a *Payable to Conduit Debt Financial Institution Trustees* for the approximate, aggregate amount of principal outstanding on conduit debt at year end. See Note 5 for more information on conduit debt outstanding.

J. 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. DEPOSITS AND INVESTMENTS

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

Deposits

At fiscal year-end, the carrying value of the Port Authority's deposits was \$165,570 and the bank balance was \$165,570. All of the bank balance was insured by federal depository insurance. Based on criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2014, \$0 of the deposits were exposed to custodial credit risk.

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial
Statements December 31, 2014

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.

4. RISK MANAGEMENT

The Port Authority is covered by general liability and public official liability insurance. Settled claims have not exceeded insurance coverage in the past three years.

5. CONDUIT DEBT

The Port Authority has issued various debt obligations on behalf of other entities that constitute conduit debt. While the Port Authority has no obligation for the conduit debt, the aggregate amount of conduit debt outstanding at year end has been recognized as a Payable to Conduit Debt Financial Institution Trustees in the Port Authority's Statement of Net Position in addition to an offsetting Receivable from Conduit Debt Recipients.

Conduit debt outstanding at December 31, 2014 consisted of the following:

| | |
|---------------------------------|----------------------|
| Greater Miami Valley YMCA | \$ 15,380,000 |
| Liberty Center Project Series A | 11,085,000 |
| Liberty Center Project Series B | 6,045,000 |
| Liberty Center Project Series C | 20,180,000 |
| Total | <u>\$ 52,690,000</u> |

The Greater Miami Valley YMCA conduit debt was issued for the purpose of constructing a new facility in coordination with the Middletown Regional Hospital's Atrium Facility along Interstate 75 and the refinancing of outstanding debt on other YMCA facilities in Butler County.

The Liberty Center Project Series A, B and C conduit debt was issued for the purpose of acquiring and constructing certain public infrastructure improvements in relation to the Liberty Center Project.

6. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Port Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20.00% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2014 member contribution rates were 10.00% of covered payroll for members in state and local classifications.

The Port Authority's 2014 contribution rate was 14.00% percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contributions allocated to health care for members in both the Traditional and Combined Plans was 2.00% during calendar year 2014.

The Port Authority's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2014, 2013 and 2012, were \$5,552, \$11,160 and \$3,171, respectively. The full amount has been contributed for 2014, 2013 and 2012.

7. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member - Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.00% of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits.

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial
Statements December 31, 2014

The portion of employer contributions allocated to health care for members in both the Traditional and Combined Plans was 2.00% during calendar year 2014. The OPERS Board of Trustees is also authorized to established rules for the retirees or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Port Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013 and 2012, were \$793, \$859 and \$902, respectively. The full amount has been contributed for 2014, 2013 and 2012.

Changes to the Health Care Preservation Plan (HCPP) were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

8. DUE TO OTHER GOVERNMENTS

During 2014, the Port Authority received an interest-free, short-term loan from the Butler County Board of County Commissioners to assist the Port Authority in meeting its current obligations. The amount of funds loaned to the Port Authority (and outstanding at December 31, 2014) was \$45,999. The balance of this short-term note was repaid in full by the Port Authority on March 13, 2015.



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

June 24, 2016

Butler County Port Authority
Butler County
315 High Street
Hamilton, Ohio 45011

To Members of the Board:

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 the **Butler County Port Authority**, Butler County, (the Port Authority), a component unit of Butler County, as of and for the years ended December 31, 2015 and 2014, and the related notes to the basic financial statements, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated June 24, 2016.

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 opinions 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

... "bringing more to the table"

Tax- Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •

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 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 2015-001.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Noncompliance

Ohio Revised Code, § 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Port Authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Port Authority.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Port Authority may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Port Authority did not certify the availability of funds prior to the purchase commitment for all expenditures tested. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

FINDING NUMBER 2015-001 (Continued)

Unless the Port Authority uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursements and to help reduce the possibility of the Port Authority's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the Port Authority. When prior certification is not possible, "then and now" certification should be used.

We recommend the Port Authority certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Port Authority incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Management's Response – Officials did not provide a response to this finding.

**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|----------------|---|------------------|---|
| 2013-001 | Ohio Revised Code Section 5705.41(D)(1) | No | Not corrected; repeat as finding 2015-001 |

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Dave Yost • Auditor of State

BUTLER COUNTY PORT AUTHORITY

BUTLER 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
AUGUST 16, 2016**