



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Port Authority of Allen County
Allen County
144 S. Main Street, 2nd Floor
Lima, Ohio 45801

We have performed the procedures enumerated below, which were agreed to by the Board of Directors and the management of the Port Authority of Allen County (the PAAC) on the receipts, disbursements, and balances recorded in the PAAC's cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the PAAC. The PAAC is responsible for the receipts, disbursements, and balances recorded in the cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to these transactions and balances included in the information provided to us by the PAAC.

Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the General Ledger to the December 31, 2014 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the General Ledger to the December 31, 2015 balances in the General Ledger. We found no exceptions.
3. We agreed the totals per the bank reconciliations for each depository account to the total of the December 31, 2016 and 2015 fund cash balances reported in the General Ledger. The amounts agreed in 2016. In 2015, the General Ledger balance for one bank account was \$35.32 greater than the bank balance due to an interest receipt being recorded that was not on the bank statement. Unexplained variances could be the result of errors and/or irregularities. All variances should be investigated and resolved.

The PAAC held a certificate of deposit (CD) in the amount of \$65,000 at December 31, 2016 that was reported on the December 31, 2016 financial statements but was not included in a separate reconciliation or included with a reconciliation of all depository accounts to the General Ledger. The failure to prepare a reconciliation that includes all depository accounts that is reconciled to the total balance of the General Ledger weakens accountability and increases the risk of errors and/or irregularities not being detected in a timely manner.

Each month a reconciliation should be prepared that presents the balance of all accounts compared to the General Ledger along with any reconciling differences. This reconciliation should be presented to the Board for review and approval.

Cash (Continued)

4. We attempted to confirm the December 31, 2016 bank account balances with the PAAC's financial institutions. The balance of the certificate of deposit (CD) in the amount of \$65,000 was confirmed at \$67,177. The difference represented interest earned on the balance. We also attempted to agree the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation. The balance of the CD in the amount of \$67,177 was not included in the December 31, 2016 bank reconciliation. The failure to include all deposit accounts in the monthly reconciliation weakens accountability and increases the risk of errors and/or irregularities not being detected in a timely manner.

All deposit accounts should be included in the monthly reconciliations and include any interest income that has been credited to the account.

Confirmable Cash Receipts

1. We confirmed the amounts paid from the Huntington National Bank to the PAAC during 2015 to the PAAC Resolution where it was approved. We also confirmed the amounts paid from Setzer Properties LMA, LLC to the PAAC during 2016 to the Resolution where it was approved. We found no exceptions.
 - a. We inspected the General Ledger to determine whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We inspected the General Ledger to determine whether the receipts were recorded in the proper year. We found no exceptions.

Lease Income Receipts

1. We selected all lease income receipts from the year ended December 31, 2016 and all lease income receipts from the year ended 2015 recorded in the 2016 and 2015 income folder and:
 - a. Agreed the receipt amount to the amount recorded in the General Ledger. The amounts agreed.
 - b. We attempted to agree the rate charged with rates in force during the period.

Billboard Property Lease

In 2016 and 2015, the rent received from the billboard property in Spencerville was \$200. A lease agreement was not provided to support the amount to be collected. On April 26, 2018, the PAAC Board passed resolution 2018-4, retroactively effective January 1, 2015, which stated, in part, whereas, the Port Authority will lease its property containing one billboard owned by Lyons Industries, for the annual amount of \$200.

Farm Rent Lease

Resolution 2014-13 set the farm rent lease amount at \$73,341 and to be paid in two payments. The actual amount collected in 2016 from the two payments was \$49,212.23. In 2015, only one payment was received in the amount of \$27,519. No Resolution or lease agreement was provided to support the reduced lease payments for either 2015 or 2016. On April 26, 2018, the PAAC Board passed resolution 2018-5, retroactively effective January 1, 2015, which stated, in part, the annual rental shall be \$261.00 per acre of tillable ground with total tillable acres of 184.39 acres. Rent shall be payable in two payments. This results in a total amount due of \$48,125.79.

Lease Income Receipts (Continued)

Also, on April 26, 2018, the PAAC Board passed resolution 2018-6 which stated, in part, whereas, modifications to the amount of ground available to farm has changed and the actual tillable acres were not identified in the original Farm Lease Agreement.

The PAAC discovered that the payment made by the Lessee, in the amount of \$31,059, on February 4, 2016, was inadvertently deposited with Allen County. On March 22, 2018, Allen County issued the PAAC a check in the amount of \$31,059 which deposited into the bank account of the PAAC, and recorded in the accounting records of the PAAC on March 30, 2018.

The Port Authority of Allen County received the following payments:

Date	Amount
August 18, 2015	\$27,519
February 4, 2016	\$31,059
May 6, 2016	\$23,895
December 20, 2016	\$25,317

The failure to maintain current Resolutions and/or lease agreements increases the risk that errors and/or irregularities could occur and not be detected timely. When the actual amount collected is less than the agreed upon amount, findings for recovery could be issued against the individual(s) responsible for collecting the payments.

The Board should review all rent/lease contracts each year to help ensure they are current. In addition, the Board should periodically compare actual rent/lease payments recorded in the accounting system to the approved contracts.

- c. Inspected the General Ledger to confirm the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2014.
2. We inquired of management, and scanned the General Ledger for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. We found no new debt issuances, nor any debt payment activity during 2016 or 2015.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the General Ledger for the year ended December 31, 2016 and ten from the year ended 2015 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the General Ledger and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.

Compliance – Budgetary

1. We attempted to compare the total estimated receipts from the Amended Operating Budget, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the YTD Profit & Loss Budget vs. Actual report for the General Fund for the years ended December 31, 2016 and 2015. The amounts on the Amending Operating Budget did not agree to the amounts recorded in the accounting system. The YTD Profit & Loss Budget vs. Actual report recorded budgeted (i.e. certified) resources for the General fund of \$78,000 for 2016. However, the final Amended Operating Budget reflected \$115,224. The YTD Profit & Loss Budget vs. Actual report recorded budgeted (i.e. certified) resources for the General fund of \$86,341 for 2015. However, the final Amended Operating Budget reflected \$105,090. The Secretary/Fiscal Officer should periodically compare amounts recorded in the YTD Profit & Loss Budget vs. Actual to amounts recorded on the Amended Operating Budget to assure they agree. When the amounts do not agree, the Board will be using inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2016 and 2015 to determine whether, for the General Fund, the Board appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.38(C). We found no exceptions.
3. We attempted to compare total appropriations required by Ohio Rev. Code Sections 5705.28(B)(2), 5705.38 and 5705.40, to the amounts recorded in the YTD Profit & Loss Budget vs Actual report for 2016 and 2015 for the General Fund: In 2016, the expenses reported on the Amended Operating Budget was \$114,850 and the accounting system reflected \$112,755. In 2015, the expenses reported on the Amended Operating Budget were \$105,090 and the accounting system reflected \$105,650.

The Secretary/Fiscal Officer should periodically compare amounts recorded in the accounting system to the amounts recorded on the Amended Operating Budget to ensure they agree. When the amounts do not agree, the Board will be using inaccurate information for budgeting and monitoring purposes.

4. Ohio Rev. Code Section 5705.28(B)(2)(c) prohibits appropriations from exceeding the estimated revenue available for expenditure (receipts plus beginning unencumbered cash). We compared total appropriations to total estimated revenue for the General Fund for the years ended December 31, 2016 and 2015. We noted no funds for which appropriations exceeded estimated revenue.
5. Ohio Rev. Code Sections 5705.28(B)(2) and 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2016 and 2015 for the General Fund, as recorded in the Amended Operating Budget. We noted no funds for which expenditures exceeded appropriations.
6. We scanned the General Ledger for the years ended December 31, 2016 and 2015 for negative cash fund balance. Ohio Rev. Code Section 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires entities to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. We confirmed the PAAC filed its complete financial statements, as defined by AOS Bulletin 2016-007. However, financial information was filed on July 5, 2016 for the year ended December 31, 2015 and on July 31, 2017 for the year ended December 31, 2016 which was not within the allotted timeframe. A control(s) or procedure(s), such as a reminder system, should be implemented to help ensure the timely filing of annual financial information.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the PAACs receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is for the use of the PAAC to assist in evaluating its receipts, disbursements, and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

May 3, 2018

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PORT AUTHORITY OF ALLEN COUNTY

ALLEN 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
JUNE 5, 2018**