



Mary Taylor, CPA
Auditor of State

**MT. ORAB PORT AUTHORITY
BROWN COUNTY**

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Mary Taylor, CPA
Auditor of State

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

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

February 26, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of the Mt. Orab Port Authority, Brown County, Ohio (the Port Authority), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Port Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Port Authority has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Port Authority as of December 31, 2006 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Mt. Orab Port Authority, Brown County, as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2009, on our consideration of the Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor, CPA
Auditor of State

February 26, 2009

**MT. ORAB PORT AUTHORITY
BROWN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
Cash Receipts:		
Earnings on Investments	\$5,193	\$280
Charges for Services	58,800	0
Miscellaneous	4,630	7,337
Total Cash Receipts	68,623	7,617
Cash Disbursements:		
Professional Services	2,797	1,354
Development Costs	25,617	0
Rent	1,800	1,742
Escrow Options	0	4,500
Insurance	2,309	2,560
Miscellaneous	395	0
Total Cash Disbursements	32,918	10,156
Total Receipts Over/(Under) Disbursements	35,705	(2,539)
Fund Cash Balances, January 1	111,955	114,494
Fund Cash Balances, December 31	\$147,660	\$111,955

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

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**MT. ORAB PORT AUTHORITY
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Port Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Port Authority's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Port Authority values certificates of deposit at cost.

D. Property, Plant, and Equipment

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

E. Fund Accounting

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

2. Equity in Pooled Cash and Investments

The carrying amount of cash and investments at December 31 was as follows:

	2005	2006
Demand deposits	\$111,955	\$7,532
Certificates of deposit	0	140,128
Total deposits	<u>\$111,955</u>	<u>\$147,660</u>

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

**MT. ORAB PORT AUTHORITY
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. Risk Management

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

4. Charges for Services - Development Income

Over 85% of the Port Authority's cash receipts in 2006 were for development services provided to Auto-Fasteners Group to help develop and sell portions of 120 acres owned by Auto-Fasteners Group. These services included surveying, excavating, and site assessment.

5. Related Party Transactions

The Board President is a partner in H&P Properties, which owns the property at 750 South High Street Mt. Orab, Ohio. The Port Authority rented space in the building on this property beginning in April 2006.

6. Related Organization

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



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Directors:

We have audited the financial statements of the Mt. Orab Port Authority, Brown County, Ohio (the Port Authority), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated February 26, 2009, wherein we noted the Port Authority followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Port Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Port Authority's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Port Authority's internal control will not prevent or detect a material financial statement misstatement.

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

We noted a certain matter that we reported to the Port Authority's management in a separate letter dated February 26, 2009.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the Port Authority's management in a separate letter dated February 26, 2009.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 26, 2009



Mary Taylor, CPA
Auditor of State

MT ORAB PORT AUTHORITY

BROWN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 26, 2009**