



Mary Taylor, CPA
Auditor of State

**BELMONT COUNTY PORT AUTHORITY
BELMONT COUNTY**

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Mary Taylor, CPA
Auditor of State

Belmont County Port Authority
Belmont County
121 Newell Avenue
St. Clairsville, Ohio 43950

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.

Mary Taylor

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July 22, 2008

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Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Belmont County Port Authority
Belmont County
121 Newell Avenue
St. Clairsville, Ohio 43950

To the Board of Directors:

We have audited the accompanying financial statement of the Belmont County Port Authority, Belmont County, Ohio (the Port Authority), a component unit of Belmont County, Ohio, as of and for the years ended December 31, 2007 and 2006. 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 reporting 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, 2007 and 2006 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, 2007 and 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 balance of the Belmont County Port Authority, Belmont County, Ohio, as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The accompanying financial statements have been prepared assuming the Port Authority will continue as a going concern. As discussed in Note 6, the Port Authority will be losing its main source of operating revenue. The existence of the aforementioned issue raises substantial doubt about the Port Authority's ability to continue as a going concern. Management's plan in regards to these financial difficulties is described in Note 6 to the financial statements. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 July 22, 2008, 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.



Mary Taylor, CPA
Auditor of State

July 22, 2008

**BELMONT COUNTY PORT AUTHORITY
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007	2006
Cash Receipts:		
County Contributions	\$236,640	\$77,625
Grants	5,000	
	241,640	77,625
Total Cash Receipts	241,640	77,625
Cash Disbursements:		
Current:		
Transportation:		
Salaries	117,380	38,560
Fringe Benefits	35,735	6,976
Supplies	1,390	1,789
Research	8,915	
Equipment	3,350	6,100
Travel and Expenses	2,258	434
Miscellaneous	3,054	5,660
Refunds	29,763	
	201,845	59,519
Total Cash Disbursements	201,845	59,519
Total Cash Receipts Over/(Under) Cash Disbursements	39,795	18,106
Cash Balance, January 1	18,106	
Cash Balance, December 31	\$57,901	\$18,106

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

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**BELMONT COUNTY PORT AUTHORITY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Belmont County Port Authority, Belmont County, Ohio (the Port Authority), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority operates under the direction of a five member Board of Directors. The Board is comprised of five members appointed by the Belmont County Commissioners. The Port Authority is authorized to purchase, construct, sell, lease and operate facilities within its jurisdiction as enumerated in Ohio Revised Code Sections 4582.01 through 4582.20.

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

B. Basis of Accounting

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

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Belmont County Auditor acts as the fiscal agent for the Port Authority. The Belmont County Treasurer is custodian for this cash and the Port Authority's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. Budgetary Process

The Ohio Revised Code requires that only an operating budget be prepared each year.

E. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Port Authority's basis of accounting

**BELMONT COUNTY PORT AUTHORITY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007 AND 2006
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments.

Deposits with Fiscal Agent: At December 31, 2007 and 2006, the Port Authority had cash and investments with a carrying amount of \$57,901 and \$18,106, respectively, which is included in and collateralized with Belmont County's cash management pool.

3. OPERATING SUBSIDIES AND OTHER GRANTS

The Port Authority received operating subsidies from the Belmont County Department of Jobs and Family Services and the Belmont County Commissioners.

4. RETIREMENT SYSTEM

The Port Authority's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, members of PERS contributed 9.5% and 9.0%, respectively of their gross salaries. The Port Authority contributed an amount equal to 13.85% and 13.70%, respectively, of participants' gross salaries. Belmont County serves as the Port Authority's fiscal agent and is responsible for paying contributions. Belmont County has paid all contributions required through December 31, 2007.

5. CONTINGENT LIABILITIES

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

6. FINANCIAL ISSUES

On June 9, 2008, the Ohio Department of Development (ODOD) approved an infrastructure grant, Roadwork Development Grant ECDD 08-321, in the amount of \$575,000 for the Eastern Ohio Regional Industrial Park. The project would involve the construction a 3,000 foot roadway, which includes upgrades of existing roads, into a 740-acre parcel of land near the Village of Barnesville, Belmont County. The Controlling Board approved the Roadwork Development Grant on May 19, 2008 with Controlling Board Action No. DEV-0100260. Completion date is November 19, 2009 or the approval by ODOD of an extension.

On June 4, 2008, the Ohio Department of Development approved the Belmont County Port Authority to receive \$175,000 from the Industrial Site Improvement Fund for its Eastern Ohio Regional Industrial Park.

Effective July 1, 2008, the Port Authority will lose its operating revenue from the Belmont County Department of Jobs and Family Services. In 2007, this amounted to \$205,431 or 85% of its total revenue.



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*

Belmont County Port Authority
Belmont County
121 Newell Avenue
St. Clairsville, Ohio 43950

To the Board of Directors:

We have audited the financial statements of the Belmont County Port Authority, Belmont County, Ohio (the Port Authority), a component unit of Belmont County, Ohio, as of and for the year ended December 31, 2007 and 2006, and have issued our report thereon dated July 22, 2008, wherein we noted the Port Authority followed accounting principles the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Further, we expressed substantial doubt about the Port Authority's ability to continue as a going concern. 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 and would not necessarily identify all internal control deficiencies in internal control over financial reporting 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 certain matters that we reported to the Port Authority's management in a separate letter dated July 22, 2008.

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 July 22, 2008.

We intend this report solely for the information and use of management and the Board of Directors. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 22, 2008



Mary Taylor, CPA
Auditor of State

BELMONT COUNTY PORT AUTHORITY

BELMONT 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 19, 2008**