

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY  
Regular Audit  
For the Years Ended December 31, 2008 and 2007**





Mary Taylor, CPA  
Auditor of State

Board of Directors  
Tuscarawas County Port Authority  
339 Oxford Street  
Dover, Ohio 44622

We have reviewed the *Independent Accountant's Report* of the Tuscarawas County Port Authority, Tuscarawas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. 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 Tuscarawas County Port Authority is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 18, 2009

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**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

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***Perry & Associates***  
Certified Public Accountants, A.C.

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

**INDEPENDENT ACCOUNTANT'S REPORT**

June 10, 2009

Tuscarawas County Port Authority  
Tuscarawas County  
339 Oxford Street  
Dover, Ohio 44622

To the Board of Directors:

We have audited the accompanying basic financial statements of the business-type activities of the **Tuscarawas County Port Authority, Tuscarawas County, Ohio** (the Authority), a component unit of Tuscarawas County, as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2008 and 2007, and the respective changes in financial position and cash flows thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2009, on our consideration of the 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

As described in Note 1, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and GASB Statement No. 50, *Pension Disclosures*, for the year ending December 31, 2008.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

**TUSCARAWAS COUNTY PORT AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Years ended December 31, 2008 and 2007**  
**(Unaudited)**

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The discussion and analysis of the Tuscarawas County Port Authority's ("the Port Authority") financial performance provides an overall review of the Port Authority's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole; readers are encouraged to consider information presented here as well as the basic financial statements to enhance their understanding of the Port Authority's financial performance.

**Using this Financial Report**

This annual report consists of two parts, the MD&A and the basic financial statements. The basic financial statements include a statement of fund net assets, statement of revenues, expenses and changes in fund net assets and a statement of cash flows. Since the Port Authority only uses one fund for its operations, the entity-wide and the fund presentation information is the same.

***Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Fund Net Assets***

The Statement of Net Assets answers the question, "How did we do financially during 2008 and 2007?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. The basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

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

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

In the statement of net assets and the statement of activities, the Port Authority is divided into two kinds of activities:

- ***Business-Type Activities*** – These services are provided on a charge for goods or services basis to recover all or most of the cost of services provided.
- ***Component Unit*** – The Port Authority's financial statements include financial data of the Business Park Incubator. This component unit is described in the notes to the financial statements. The component unit is separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

**TUSCARAWAS COUNTY PORT AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Years ended December 31, 2008 and 2007**  
**(Unaudited)**

Table 1 provides a summary of the Port Authority's net assets for 2008, 2007 and 2006.

	<b>Table 1</b>		
	<b>Net Assets</b>		
	2008	2007	2006
<b>Assets:</b>			
Current and other assets	\$ 466,093	\$ 274,669	\$ 143,177
Non-current and capital assets	5,980,682	10,221,356	8,047,804
<b>Total Assets</b>	<b>6,446,775</b>	<b>10,496,025</b>	<b>8,190,981</b>
<b>Liabilities:</b>			
Current liabilities	368,525	1,970,207	339,105
Long-term other liabilities	4,144,419	5,396,756	4,839,896
<b>Total liabilities</b>	<b>4,512,944</b>	<b>7,366,963</b>	<b>5,179,001</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	1,554,342	3,086,124	2,998,304
Unrestricted	379,489	42,938	13,676
<b>Total Net Assets</b>	<b>\$ 1,933,831</b>	<b>\$ 3,129,062</b>	<b>\$ 3,011,980</b>

Total assets decreased in 2008 by \$4,049,250. The decrease is due to the sale of South Gateway Park property. Total liabilities decreased by \$2,854,019. The decrease is due to the Port Authority paying off long term and short term loans from proceeds of the sale of South Gateway Park building and land. Total net assets decreased in 2008 by \$1,195,231. Total non-current and other assets increased in 2007 by \$2,173,552. The increase is due to the purchase of additional property. Total liabilities increased by \$2,187,962. The increase is due to the Port Authority obtaining additional long term and short term loans for the purpose of renovating South Gateway Park Building.

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**TUSCARAWAS COUNTY PORT AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Years ended December 31, 2008 and 2007**  
**(Unaudited)**

Table 2 shows the changes in net assets for the years ended December 31, 2008, 2007 and 2006. Total net assets decreased by \$1,195,231 in 2008. Total net assets increased by \$117,082 in 2007. Total net assets increased by \$170,477 in 2006. The decrease in net assets in 2008 is due to the large loss on the sale of the South Gateway Park property. The increase of net assets in 2007 and 2006 is due to increased rent revenue and permit fees.

**Table 2**  
**Revenues and Expenses**

	2008	2007	2006
<b>Operating Revenues:</b>			
Rentals	\$ 589,626	\$ 872,667	\$ 810,014
Permit Fees	333,663	421,399	426,290
Contributions	750	0	0
Other	0	749	0
<b>Total Operating Revenues</b>	<u>924,039</u>	<u>1,294,815</u>	<u>1,236,304</u>
<b>Operating Expenses:</b>			
Salaries and benefits	461,921	418,592	364,333
Contractual services	114,632	124,678	92,149
Material and supplies	15,131	16,697	19,652
Insurance	43,472	47,996	47,184
Travel	24,728	17,897	22,535
Utilities	55,177	21,472	52,575
Depreciation	203,986	223,309	185,670
Other	32,495	41,470	29,539
<b>Total Operating Expenses</b>	<u>951,542</u>	<u>912,111</u>	<u>813,637</u>
<b>Operating income</b>	(27,503)	382,704	422,667
<b>Non-Operating Revenues (Expenses):</b>			
Interest and fiscal charges	(293,293)	(298,382)	(255,490)
Loss on sale of capital assets	(902,658)	0	0
Interest	6,762	2,892	1,445
Other income	21,461	29,868	1,855
<b>Net Non-Operating (Expenses)</b>	<u>(1,167,728)</u>	<u>(265,622)</u>	<u>(252,190)</u>
<b>Increase in Net Assets</b>	<u><u>\$ (1,195,231)</u></u>	<u><u>\$ 117,082</u></u>	<u><u>\$ 170,477</u></u>

**TUSCARAWAS COUNTY PORT AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Years ended December 31, 2008 and 2007**  
**(Unaudited)**

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**Capital Assets**

At the end of year 2008, the Port Authority had \$5,905,430 invested in land, buildings and improvements, vehicles, office equipment and construction in progress. Table 3 shows fiscal year 2008 balances compared with 2007 and 2006.

**Table 3**  
**Capital Assets at December 31, 2008, 2007 and 2006**  
**(Net of Depreciation)**

	2008	2007	2006
Land	\$ 837,409	\$ 1,197,880	\$ 1,197,880
Buildings and Improvements	4,989,193	8,886,174	6,680,281
Vehicles	23,291	31,417	34,467
Office Equipment	6,919	10,830	8,300
Construction in Progress	48,618	13,354	126,866
<b>Totals</b>	<b>\$ 5,905,430</b>	<b>\$ 10,139,655</b>	<b>\$ 8,047,794</b>

The \$4,234,225 decrease in 2008 in capital assets was attributable to the sale of South Gateway Park property. The \$2,091,861 increase in 2007 in capital assets was mainly attributable to the Southgate Business Park Phase I project. Note 3 provides additional information on capital asset activity.

**Debt**

The outstanding debt for the Port Authority as of December 31, 2008 was \$4,426,329. This is a decrease of \$2,733,323 from the December 31, 2007 balance of \$7,159,652. Table 4 summarizes outstanding debt.

**Table 4**  
**Debt at December 31, 2008, 2007 and 2006**

	2008	2007	2006
Notes Payable	\$ 0	\$ 1,524,429	\$ 30,000
Loans Payable	4,426,329	4,840,786	5,019,491
Revenue Bonds Payable	0	794,437	0
	<b>\$ 4,426,329</b>	<b>\$ 7,159,652</b>	<b>\$ 5,049,491</b>

Additional information concerning the Port Authority's debt can be found in Notes 6 and 8 to the basic financial statements.

**TUSCARAWAS COUNTY PORT AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Years ended December 31, 2008 and 2007**  
**(Unaudited)**

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**Current Issues**

In December of 2007, Owens Corning, a tenant of the Reeve's Mill Business Park, informed the Port Authority that the company would not renew the lease at the end of the lease term, April 14, 2008. The 2008 budget reflects the loss of \$44,690.21 per month in revenue starting in May 2008. There became available for lease 252,600 square feet of warehouse or manufacturing space. The Port Authority aggressively marketed the property to replace the lost revenue.

The former Owens Corning space was transformed into a public warehouse, the Port Authority Logistics Warehouse, by the Port Authority in June 2008. Then in July of 2008 Sander's Transfer, a private Ohio Corporation, made a proposal to lease the same space, take over any customers the Port Authority developed and relocate their 65,000 square foot warehouse to that site. Sander's Transfer and the Port Authority came to an agreement and Sander's Transfer began to lease the facility in August 2008. In January 2009 the owner of Sander's Transfer, Harold Baker, notified the Port Authority that Sander's Transfer would cease operations in early 2009. On January 24, 2009 Sander's Transfer unilaterally memorialized its intent to cease operations effective immediately.

The Port Authority, in order to satisfy the needs of the Customers being served in that warehouse, took over the operation of the warehouse. The Port Authority Board considered their alternatives and elected to continue to operate and develop the now named Reeves Mill Logistics Warehouse.

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

This financial report is intended to provide our citizens, investors and creditors with a general overview of the Port Authority's finances and to demonstrate the Port Authority's accountability for the revenue it receives. If you have questions about this report or need additional financial information, contact the Executive Director at the Tuscarawas County Port Authority, 339 Oxford Street Dover, Ohio 44622.

**Tuscarawas County Port Authority**  
**Tuscarawas County**

*Comparative Statement of Fund Net Assets*  
*Proprietary Fund*  
*December 31, 2008 and 2007*

	2008		2007	
	Primary Government	Component Unit	Primary Government	Component Unit
	Business-Type Activities	Business Park Incubator	Business-Type Activities	Business Park Incubator
<b>Assets:</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 370,869	\$ 12,211	\$ 90,822	\$ 11,186
Loans Receivable	28,847	0	0	0
Accounts Receivable	27,672	2,159	171,597	10,750
Intergovernmental Receivable	33,978	0	8,085	0
Prepaid Items	4,727	0	4,165	0
<i>Total Current Assets</i>	<u>466,093</u>	<u>14,370</u>	<u>274,669</u>	<u>21,936</u>
<i>Non-Current Assets:</i>				
Deferred Charges	75,242	0	81,691	0
Deposits	10	0	10	0
Non-Depreciable Capital Assets	886,027	0	1,211,234	0
Depreciable Capital Assets, Net	5,019,403	18,941	8,928,421	23,496
<i>Total Non-Current Assets</i>	<u>5,980,682</u>	<u>18,941</u>	<u>10,221,356</u>	<u>23,496</u>
<i>Total Assets</i>	<u>6,446,775</u>	<u>33,311</u>	<u>10,496,025</u>	<u>45,432</u>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	16,878	9,020	42,689	5,740
Accrued Wages	2,577	0	6,305	0
Intergovernmental Payable	29,476	0	20,796	0
Deferred Revenue	37,684	0	123,180	0
Accrued Interest Payable	0	0	14,341	0
Revenue Bonds Payable	0	0	37,460	0
Loans Payable	281,910	0	201,007	0
Notes Payable	0	0	1,524,429	0
<i>Total Current Liabilities</i>	<u>368,525</u>	<u>9,020</u>	<u>1,970,207</u>	<u>5,740</u>
<i>Long-Term Liabilities:</i>				
Revenue Bonds Payable - net of current portion	0	0	756,977	0
Loans Payable - net of current portion	4,144,419	0	4,639,779	0
<i>Total Long-Term Liabilities</i>	<u>4,144,419</u>	<u>0</u>	<u>5,396,756</u>	<u>0</u>
<i>Total Liabilities</i>	<u>4,512,944</u>	<u>9,020</u>	<u>7,366,963</u>	<u>5,740</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	1,554,342	18,941	3,086,124	23,496
Restricted for:				
Other Purposes	0	10,000	0	10,000
Unrestricted	379,489	(4,650)	42,938	6,196
<i>Total Net Assets</i>	<u>\$ 1,933,831</u>	<u>\$ 24,291</u>	<u>\$ 3,129,062</u>	<u>\$ 39,692</u>

See accompanying notes to the basic financial statements.

**Tuscarawas County Port Authority**  
**Tuscarawas County**

*Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Fund*  
*For the Years Ended December 31, 2008 and 2007*

	2008		2007	
	Primary Government	Component Unit	Primary Government	Component Unit
	Business-Type Activities	Business Park Incubator	Business-Type Activities	Business Park Incubator
<b>Operating Revenues</b>				
Rentals	\$ 589,626	\$ 0	\$ 872,667	\$ 0
Permit Fees	333,663	0	421,399	0
Contributions	750	46,800	0	46,800
Other	0	15,315	749	18,366
<i>Total Operating Revenues</i>	<u>924,039</u>	<u>62,115</u>	<u>1,294,815</u>	<u>65,166</u>
<b>Operating Expenses</b>				
Salaries and Benefits	461,921	0	418,592	0
Contractual Services	114,632	242	124,678	0
Materials and Supplies	15,131	0	16,697	98
Insurance and Bonding	43,472	0	47,996	0
Facility Rent	0	46,800	0	46,800
Travel	24,728	0	17,897	0
Utilities	55,177	25,899	21,472	16,465
Depreciation	203,986	4,555	223,309	4,555
Other	32,495	425	41,470	375
<i>Total Operating Expenses</i>	<u>951,542</u>	<u>77,921</u>	<u>912,111</u>	<u>68,293</u>
<i>Operating Income (Loss)</i>	<u>(27,503)</u>	<u>(15,806)</u>	<u>382,704</u>	<u>(3,127)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest	6,762	405	2,892	240
Loss on Sale of Capital Assets	(902,658)	0	0	0
Interest and Fiscal Charges	(293,293)	0	(298,382)	0
Other Income	21,461	0	29,868	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(1,167,728)</u>	<u>405</u>	<u>(265,622)</u>	<u>240</u>
<i>Change in Net Assets</i>	<u>(1,195,231)</u>	<u>(15,401)</u>	<u>117,082</u>	<u>(2,887)</u>
<i>Net Assets Beginning of Year</i>	<u>3,129,062</u>	<u>39,692</u>	<u>3,011,980</u>	<u>42,579</u>
<i>Net Assets End of Year</i>	<u>\$ 1,933,831</u>	<u>\$ 24,291</u>	<u>\$ 3,129,062</u>	<u>\$ 39,692</u>

See accompanying notes to the basic financial statements.

**Tuscarawas County Port Authority  
Tuscarawas County**

*Comparative Statement of Cash Flows - Proprietary Fund  
For the Years Ended December 31, 2008 and 2007*

	2008		2007	
	Primary Government Business-Type Activities	Component Unit Business Park Incubator	Primary Government Business-Type Activities	Component Unit Business Park Incubator
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>				
<b>Cash flows from Operating Activities:</b>				
Cash Received from Customers	\$ 956,575	23,906	\$ 1,167,250	10,270
Cash Payments to Suppliers for Goods and Services	(15,192)	(22,861)	(16,996)	(10,823)
Cash Payments for Employees Services and Benefits	(457,531)	0	(401,675)	0
Cash Payments for Contractual Services	(238,031)	0	(172,531)	0
Other Cash Payments	(58,223)	(425)	(66,006)	(375)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>187,598</u>	<u>620</u>	<u>510,042</u>	<u>(928)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Payments on Note Receivable	1,738	0	0	0
Loans made to Another Entity	(30,585)	0	0	0
Other Income	21,461	0	29,868	0
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>(7,386)</u>	<u>0</u>	<u>29,868</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from Notes	100,000	0	1,582,429	0
Proceeds from Bonds	0	0	800,000	0
Proceeds from Sale of Capital Assets	3,201,441	0	0	0
Acquisition of Capital Assets	(60,962)	0	(2,301,817)	0
Principal Paid on Bonds	(794,437)	0	(5,563)	0
Principal Paid on Notes	(1,624,429)	0	(88,000)	0
Principal Payments on Loans	(414,457)	0	(178,705)	0
Interest Paid on All Debt	(314,083)	0	(287,289)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>93,073</u>	<u>0</u>	<u>(478,945)</u>	<u>0</u>
<b>Cash Flows from Investing Activities:</b>				
Receipts of Interest	6,762	405	2,892	240
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	280,047	1,025	63,857	(688)
<i>Cash and Cash Equivalents Beginning of Year</i>	90,822	11,186	26,965	11,874
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 370,869</u>	<u>\$ 12,211</u>	<u>\$ 90,822</u>	<u>\$ 11,186</u>
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided by (Used for) Operating Activities:</b>				
Operating Income (Loss)	\$ (27,503)	\$ (15,806)	\$ 382,704	\$ (3,127)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	203,986	4,555	223,309	4,555
(Increase) Decrease in Assets:				
Intergovernmental Receivable	(25,893)	0	0	0
Accounts Receivable	143,925	8,591	(158,092)	(8,096)
Prepays	(562)	0	2,317	0
Increase (Decrease) in Liabilities:				
Accounts Payable	(25,811)	3,280	12,177	5,740
Accrued Wages	(3,728)	0	1,070	0
Deferred Revenue	(85,496)	0	30,527	0
Intergovernmental Payable	8,680	0	16,030	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ 187,598</u>	<u>\$ 620</u>	<u>\$ 510,042</u>	<u>\$ (928)</u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

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

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

**A. Reporting Entity**

The Tuscarawas County Port Authority, Tuscarawas County, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio pursuant to the authority of Section 4582.02 of the Ohio Revised Code. The Port Authority was created December 31, 2000. The Port Authority is governed by a five-member Board of Directors. Members of the Board are appointed by the Tuscarawas County Commissioners. The purpose of the Port Authority is to be involved in the activities that enhance foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Tuscarawas County.

The Port Authority is a component unit of Tuscarawas County since the members of the Port Authority are appointed by the Tuscarawas County Board of Commissioners and the Port Authority is economically dependent on the County for financial support. Tuscarawas County Commissioners have no authority regarding the day-to-day activities and business affairs of the Port Authority beyond the creation of the Port Authority and the appointment of its Board of Directors. Tuscarawas County maintains its own accounting functions, is a separate reporting entity, and its financial activity is not included within the financial statements of the Port Authority.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Port Authority consists of its general operating fund.

Component units are legally separate organizations for which the Port Authority is financially accountable. The Port Authority is financially accountable for an organization if the Port Authority appoints a voting majority of the organization's governing board and (1) the Port Authority is able to significantly influence the programs or services performed or provided by the organizations; (2) the Port Authority is legally entitled to or can otherwise access the organization's resources; (3) the Port Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits, or provide financial support to, the organization; or (4) the Port Authority is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the Port Authority in that the Port Authority approves the budget, the issuance of debt or the levying of taxes.

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Discretely Presented Component Unit* – The component unit column in the entity-wide financial statements identify the financial date of the Port Authority’s component unit, Business Park Incubator. It is reported separately to emphasize that it is legally separate from the Port Authority.

*Business Park Incubator* – The Business Park Incubator, Inc. (the “Business Park”) is a legally separate entity and was incorporated as a not-for-profit under the laws of the State of Ohio on August 7, 2003. Operations of the Business Park commenced March 1, 2005. The Business Park was organized for the purpose to develop and promote a business incubator in order to aid development of scalable, light manufacturing, assembly, service, or other businesses within Tuscarawas County and the surrounding areas and communities. The Business Park’s board members are appointed by the Tuscarawas County Port Authority’s board of directors. Since the Business Park imposes a financial burden on the Tuscarawas County Port Authority, the Business Park is reflected as a component unit of the Port Authority. Financial statements can be obtained from Andy Chapman, Treasurer, Business Park Incubator, 315 East Broadway, Dover, Ohio 44622.

The Port Authority’s management believes these financial statements present all activities for which the Port Authority is financially accountable. The Port Authority was formed on January 17, 2001.

***B. Basis of Accounting***

The financial statements of the Port Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Port Authority has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds. The most significant of the Port Authority’s accounting policies are described below.

The Port Authority’s financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

The Port Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

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

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On the financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***C. Measurement Focus***

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

***D. Fund Accounting***

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

***E. Pooled Cash and Cash Equivalents***

To improve cash management, all cash received by the Port Authority is pooled. All money is maintained in this pool. The Port Authority's interest in the pool is presented as "equity in pooled cash and cash equivalents."

***F. Deferred Charges***

On the financial statements, loan issuance costs are recorded as an expenditure when incurred. Loan issuance costs are reported as deferred and amortized over the term of the loans using the straight-line method on the financial statements, since the results are not significantly different from the effective interest method.

***G. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2008 and December 31, 2007 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the payment and an expenditure/expense is reported in the year in which services are consumed.

***H. Accrued Liabilities and Long-Term Obligations***

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources and are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability on the financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and long-term loans are recognized as a liability on the financial statements when due.

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***I. Budgetary Process***

Ohio Rev. Code Section 4582.13 requires that each fund be budgeted annually. This budget includes estimated receipts and appropriations.

**1. Appropriations**

The Board annually approves appropriations and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**3. Encumbrances**

The Port Authority reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over and are not reappropriated.

***J. Capital Assets***

Capital assets utilized by the Port Authority are reported on the statement of net assets. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are reported at their fair market values as of the date received. The Port Authority maintains a capitalization threshold of five hundred dollars. Improvements are capitalized, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Depreciation is computed using the straight-line method over the following useful lives:

Land and Construction in Progress	N/A
Buildings and Improvements	39 Years
Vehicles	5 Years
Office Equipment	7 Years

***K. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Port Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Port Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Port Authority did not have any restricted net assets for 2008 and 2007.

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***L. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from primary activities. For the Port Authority, these revenues are rental fees and permit fees. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Port Authority. All revenue and expenses not meeting these definitions are classified as nonoperating.

***M. Estimates***

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

***N. Implementation of New Accounting Policies***

For 2008, the Port Authority has implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 provides guidance on all aspects of OPEB reporting by employers.

GASB Statement No. 49 provides guidance on calculating and reporting the costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

The implementation of GASB Statement No. 45, No. 49, and No. 50 did not affect the presentation of the financial statements of the Port Authority.

**NOTE 2: CASH**

State statutes classify monies held by the Port Authority into three categories.

Active monies are public deposits necessary to meet the 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.

Inactive deposits are public deposits that the Port Authority has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

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**NOTE 2: CASH (Continued)**

Interim deposits are deposits of interim monies. Interim monies are those which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and any other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio).
7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in any amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Port Authority, and must be purchased with the expectation that it will be held to maturity.

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

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**NOTE 2: CASH (Continued)**

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, uninsured public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Port Authority's name. During 2008 and 2007, the Port Authority and public depositories complied with the provisions of these statutes.

**Deposits with Financial Institutions**

Custodial credit risk is the risk that, in the event of a bank failure, the Port Authority's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the uninsured deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the uninsured public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Port Authority.

At December 31, 2008 and 2007, the carrying amount of the Port Authority's deposits was \$370,869 and \$90,822, which includes petty cash in the amount of \$341 and \$254, respectively. The bank balance was \$374,012 and \$92,464, respectively, which was covered by both Federal Depository Insurance and pledged securities.

**Investments**

***Interest Rate Risk*** The Port Authority has no investment policy in place at this time.

***Concentration of Credit Risk*** The Port Authority places no limit on the amount the Port Authority may invest in any one issuer.

***Credit Risk*** The Port Authority has no credit risk policy in place at this time.

The Port Authority has no investments at year end.

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

**NOTE 3: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended December 31, 2007 was as follows:

	Balance 1/1/2007	Additions	Deletions	Balance 12/31/2007
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,197,880	\$ 0	\$ 0	\$ 1,197,880
Construction in progress	126,866	2,524,452	(2,637,964)	13,354
<b>Total capital assets not being depreciated</b>	<b>1,324,746</b>	<b>2,524,452</b>	<b>(2,637,964)</b>	<b>1,211,234</b>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	7,010,212	2,416,624	0	9,426,836
Vehicles	47,638	0	0	47,638
Office equipment	11,645	12,058	0	23,703
<b>Total capital assets, being depreciated</b>	<b>7,069,495</b>	<b>2,428,682</b>	<b>0</b>	<b>9,498,177</b>
<i>Less: Accumulated depreciation:</i>				
Buildings and improvements	(329,931)	(210,731)	0	(540,662)
Vehicles	(13,171)	(3,050)	0	(16,221)
Office equipment	(3,345)	(9,528)	0	(12,873)
<b>Total accumulated depreciation</b>	<b>(346,447)</b>	<b>(223,309)</b>	<b>0</b>	<b>(569,756)</b>
<b>Total capital assets, being depreciated, net</b>	<b>6,723,048</b>	<b>2,205,373</b>	<b>0</b>	<b>8,928,421</b>
<b>Capital Assets, Net</b>	<b>\$ 8,047,794</b>	<b>\$ 4,729,825</b>	<b>\$ (2,637,964)</b>	<b>\$ 10,139,655</b>

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

**NOTE 3: CAPITAL ASSETS (Continued)**

Capital asset activity for the fiscal year ended December 31, 2008 was as follows:

	Balance 1/1/2008	Additions	Deletions	Balance 12/31/2008
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,197,880	\$ 0	\$ (360,471)	\$ 837,409
Construction in progress	13,354	35,264	0	48,618
<b>Total capital assets not being depreciated</b>	<b>1,211,234</b>	<b>35,264</b>	<b>(360,471)</b>	<b>886,027</b>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	9,426,836	25,698	(3,907,365)	5,545,169
Vehicles	47,638	0	0	47,638
Office equipment	23,703	0	0	23,703
<b>Total capital assets, being depreciated</b>	<b>9,498,177</b>	<b>25,698</b>	<b>(3,907,365)</b>	<b>5,616,510</b>
<i>Less: Accumulated depreciation:</i>				
Buildings and improvements	(540,662)	(191,949)	176,635	(555,976)
Vehicles	(16,221)	(8,126)	0	(24,347)
Office equipment	(12,873)	(3,911)	0	(16,784)
<b>Total accumulated depreciation</b>	<b>(569,756)</b>	<b>(203,986)</b>	<b>176,635</b>	<b>(597,107)</b>
<b>Total capital assets, being depreciated, net</b>	<b>8,928,421</b>	<b>(178,288)</b>	<b>(3,730,730)</b>	<b>5,019,403</b>
<b>Capital Assets, Net</b>	<b>\$ 10,139,655</b>	<b>\$ (143,024)</b>	<b>\$ (4,091,201)</b>	<b>\$ 5,905,430</b>

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

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**NOTE 4: DEFINED BENEFIT PENSION PLANS**

*Pension Benefit Obligation*

Plan Description - The Port Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 percent 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional 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 that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in State and local classifications contributed 10 percent of covered payroll.

The Port Authority contribution rate for 2008 was 14. For 2008, a portion of the Port Authority's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Port Authority of 14 percent.

The Port Authority's required contributions for pension obligations for the traditional and combined plans for the years ended December 31, 2008, 2007 and 2006 were \$18,993, \$25,828 and \$16,294, respectively. 92.2 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$3,906 for members and \$7,812 for the employer.

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

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**NOTE 4: DEFINED BENEFIT PENSION PLANS (Continued)**

***Post-Employment Benefits***

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.0 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll for 2008.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected. Active members do not make contributions to the post-employment health care plan.

The Port Authority's required contributions to OPERS for post-employment health care benefits for the years ended December 31, 2008, 2007 and 2006 were \$18,993, \$17,013 and \$7,970, respectively. 92.2 percent has been contributed for 2008 and 100 percent for 2007 and 2006. The Port Authority's contributions for post-employment health care benefits for the member-directed plan for 2008 were \$3,906.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**TUSCARAWAS COUNTY PORT AUTHORITY  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

**NOTE 5: RISK MANAGEMENT**

The Port Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters.

The Port Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions
- General liability and casualty

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from the prior year.

The Port Authority also provided health insurance and vision coverage to full-time employees through the Tuscarawas County Employees Self-Insurance Plan.

**NOTE 6: NOTE PAYABLE**

In April 2006 the Port Authority took out a revolving loan authorizing \$50,000 with J.P. Morgan Chase Bank. In 2008 the Port Authority revolving loan was increased to \$150,000. The proceeds were used for operating capital. The interest rate is prime plus one percent and is re-set monthly. As of December 31, 2008 and 2007, \$-0- and \$24,429, respectively, was outstanding.

In February 2007, the Port Authority took out a loan with National City Bank for \$1,500,000. The proceeds were used for the renovation of the South Gateway Park Building.

Changes in note obligations of the Port Authority during the year ended December 31, 2007 consisted of the following:

	Outstanding 01/01/07	Additions	Reductions	Outstanding 12/31/07	Amounts Due In One Year
National City Bank 7.25%	\$ 0	\$ 1,500,000	\$ 0	\$ 1,500,000	\$ 1,500,000
J.P. Morgan Chase - 9.25%	30,000	82,429	(88,000)	24,429	24,429
<b>Total</b>	<b>\$ 30,000</b>	<b>\$ 1,582,429</b>	<b>\$ (88,000)</b>	<b>\$ 1,524,429</b>	<b>\$ 1,524,429</b>

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

**NOTE 6: NOTE PAYABLE (Continued)**

Changes in note obligations of the Port Authority during the year ended December 31, 2008 consisted of the following:

	Outstanding 1/1/2008	Additions	Reductions	Outstanding 12/31/2008	Amounts Due In One Year
National City Bank 7.25%	\$ 1,500,000	\$ 0	\$ (1,500,000)	\$ 0	\$ 0
J.P. Morgan Chase - 9.25%	24,429	100,000	(124,429)	0	0
<b>Total</b>	<b>\$ 1,524,429</b>	<b>\$ 100,000</b>	<b>\$ (1,624,429)</b>	<b>\$ 0</b>	<b>\$ 0</b>

**NOTE 7: RECEIVABLES**

Receivables at December 31, 2008 and 2007 consisted of accounts (billings for user charged rents), loans, and intergovernmental receivables arising from real estate taxes. All receivables are deemed collectible in full.

The loan receivable in the amount of \$28,847 and \$-0- at December 31, 2008 and 2007, respectively reflects invoices paid by the Port Authority for Sanders Transfer. Sanders Transfer is to make monthly payments to the Port Authority of \$704 at five percent for the next forty-five months.

**NOTE 8: LONG-TERM NOTE PAYABLE – TUSCARAWAS COUNTY BANK CONSORTIUM**

Changes in long-term obligations of the Port Authority during the year ended December 31, 2007 consisted of the following:

	Outstanding 1/1/2007	Additions	Reductions	Outstanding 12/31/2007	Amounts Due In One Year
General long-term obligations:					
Loans Payable - TCC-0.0%	\$ 1,038,099	\$ 0	\$ (30,000)	\$ 1,008,099	\$ 30,000
Loans Payable - JP Morgan Chase - 6.41%	3,981,392	0	(148,705)	3,832,687	171,007
2007 Industrial Development Revenue Bonds - \$800,000 at 5.78%	0	800,000	(5,563)	794,437	37,460
	<b>\$ 5,019,491</b>	<b>\$ 800,000</b>	<b>\$ (184,268)</b>	<b>\$ 5,635,223</b>	<b>\$ 238,467</b>

**TUSCARAWAS COUNTY PORT AUTHORITY  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

**NOTE 8: LONG-TERM NOTE PAYABLE – TUSCARAWAS COUNTY BANK CONSORTIUM  
(Continued)**

Changes in long-term obligations of the Port Authority during the year ended December 31, 2008 consisted of the following:

	Outstanding 1/1/2008	Additions	Reductions	Outstanding 12/31/2008	Amounts Due In One Year
General long-term obligations:					
Loans Payable - TCC-0.0%	\$ 1,008,099	\$ 0	\$ (230,000)	\$ 778,099	\$ 30,000
Loans Payable - JP					
Morgan Chase - 4.525%	3,832,687	0	(184,457)	3,648,230	251,910
2007 Industrial Development Revenue Bonds - \$800,000 at 5.78%	794,437	0	(794,437)	0	0
	<u>\$ 5,635,223</u>	<u>\$ 0</u>	<u>\$ (1,208,894)</u>	<u>\$ 4,426,329</u>	<u>\$ 281,910</u>

In September 2005 the Port Authority borrowed \$4,200,000 from J. P. Morgan Chase Bank. The proceeds were used to pay \$1,200,000 of the debt to the Tuscarawas County Commissioners and the \$2,809,729 repaid the loans from the various banks. The loan will bear interest at LIBOR plus 1.3 percent. The interest rate will be reset annually.

In May 2006 the Port Authority entered into a loan consolidation agreement with the Tuscarawas County Commissioners. This agreement rolled the three notes payable outstanding into one long-term note. The loan will bear no interest. The loan is to be paid back in \$2,500 monthly payments with the last payment due in August 2041. However, the loan agreement requires the Port Authority to pay all proceeds from the balance of the Midvale property or land to the Tuscarawas County Commissioners if sold before the loan is paid off.

On February 9, 2007, the Port Authority issued \$800,000 in revenue bonds. The bonds were issued for the purpose of renovating the South Gateway Park Building. The revenue bonds were issued with an interest rate of 5.78 percent. The revenue bonds maturing September 30, 2022 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on October 31, 2007, and on each month thereafter at 100 percent of the principal amount thereof, plus accrued interest.

**TUSCARAWAS COUNTY PORT AUTHORITY  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

**NOTE 8: LONG-TERM NOTE PAYABLE – TUSCARAWAS COUNTY BANK CONSORTIUM  
(Continued)**

The annual requirements to retire debt are as follows:

Year	Loans Payable	
	Principal	Interest
2009	\$ 281,910	\$ 159,901
2010	293,548	148,262
2011	305,724	136,086
2012	318,462	123,348
2013	331,790	110,021
2014-2018	1,881,427	327,623
2019-2023	685,369	17,425
2024-2028	150,000	0
2029-2033	150,000	0
2034-2038	28,099	0
Totals	\$ 4,426,329	\$ 1,022,666

**NOTE 9: OPERATING LEASES – LESSOR DISCLOSURE**

The Port Authority leases building space under leases that are considered non-cancelable by either party. A summary of the cost and carrying value of each asset and the amount of lease payments that came due during the period (including outstanding amounts) is summarized below. As of December 31, 2008 and 2007, the Port Authority had no outstanding lease payments; therefore, no accounts receivable are reported within the basic financial statements.

Leased Asset	Asset Cost	Accumulated Depreciation	Carrying Value
Midvale Building	\$ 264,941	\$ 33,400	\$ 231,541
TCPA Business Park	4,157,811	416,928	3,740,883
Total	\$ 4,422,752	\$ 450,328	\$ 3,972,424

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

**NOTE 9: OPERATING LEASES – LESSOR DISCLOSURE (Continued)**

The following is a schedule of future long-term lease payments required under the operating leases as of December 31, 2008:

Year Ending December 31,	2009	Activities <u>Operating Lease</u>
	2010	\$394,009
	2011	211,841
	2012	152,410
	2013	152,410
	2014-2018	762,050
	2019	<u>1,250</u>
Total Lease Payments		<u>\$ 1,826,380</u>

**NOTE 10: CONCENTRATION OF CREDIT RISK**

The Port Authority maintains its activities within the Tuscarawas County, Ohio geographical area. The performance of its operational activities will be dependent on the performance of its tenants. The results of these companies and the operations of the Port Authority projects may be dependent on the economical conditions of the local trade area.

**NOTE 11: BUSINESS PARK INCUBATOR – COMPONENT UNIT**

***A. Description of Business Park Incubator***

The Business Park Incubator, Inc. (the “Business Park”) was incorporated as a not-for-profit under the laws of the State of Ohio on August 7, 2006. Operations of the Business Park commenced March 1, 2004. The Business Park was organized for the purpose to develop and promote a business incubator in order to aid development of scalable, light manufacturing, assembly, service, or other businesses within Tuscarawas County and the surrounding areas and communities. On March 22, 2006 the Business Park received an exemption from Federal income tax under IRC Section 501(c)(3), effective August 7, 2003. Since the business park imposes a financial burden on the Port Authority, the Business Park is reflected as a component unit of Tuscarawas County Port Authority. The Business Park has a December 31 year end.

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

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**NOTE 11: BUSINESS PARK INCUBATOR – COMPONENT UNIT (Continued)**

The financial statements of the Business Park have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Business Park also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict or contradict GASB pronouncements. The Business Park has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds. The most significant of the Business Park's accounting policies are described below.

***B. Summary of Significant Accounting Policies***

The Business Park reports its operations as a single enterprise fund. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business 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.

**1. Measurement Focus and Basis of Accounting**

The Business Park's fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. Net assets (i.e., equity) is segregated into invested in capital assets, net of related debt, and unrestricted components. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made. The Business Park uses the accrual basis of accounting in which revenue is recognized when earned and expenses when incurred.

**2. Cash**

To improve cash management, cash received by the Business Park is pooled in a central bank account. The Business Park has no investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code.

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

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**NOTE 11: BUSINESS PARK INCUBATOR – COMPONENT UNIT (Continued)**

**3. Capital Assets**

Capital assets at the Business Park are capitalized. All capital assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

Donated capital assets are recorded at their fair market values as of the date donated.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fund capital assets.

Depreciation is computed using the straight-line basis over the following estimated useful lives:

<u>Estimated Lives</u>	<u>Description</u>
10 Years	Improvements other than buildings
5-10 Years	Office equipment

**4. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from primary activity. For the Business Park, these revenues are rental fees and permit fees. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Business Park. All revenue and expenses not meeting these definitions are classified as non-operating.

**5. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

***C. Deposits and Investments***

The Business Park follows the same statutory requirements for deposits and investments as the primary government (See Note 2).

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

**NOTE 11: BUSINESS PARK INCUBATOR – COMPONENT UNIT (Continued)**

***D. Risk Management***

The Business Park is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters.

The Business Park has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions
- General liability and casualty

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past twelve months.

***E. Capital Assets***

A summary of the Business Park's capital assets at December 31, 2007 follows:

	<u>Balance 12/31/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2007</u>
<i>Depreciated Capital Assets:</i>				
Improvements other than buildings	\$ 28,768	\$ 0	\$ 0	\$ 28,768
Furniture and equipment	<u>10,256</u>	<u>0</u>	<u>0</u>	<u>10,256</u>
Total cost	39,024	0	0	39,024
<i>Less: Accumulated depreciation:</i>				
Improvements other than buildings	(7,965)	(2,878)	0	(10,843)
Furniture and equipment	<u>(3,008)</u>	<u>(1,677)</u>	<u>0</u>	<u>(4,685)</u>
Total accumulated depreciation	<u>(10,973)</u>	<u>(4,555)</u>	<u>0</u>	<u>(15,528)</u>
Total capital assets being depreciated, net	<u>\$ 28,051</u>	<u>\$ (4,555)</u>	<u>\$ 0</u>	<u>\$ 23,496</u>

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

**NOTE 11: BUSINESS PARK INCUBATOR – COMPONENT UNIT (Continued)**

A summary of the Business Park’s capital assets at December 31, 2008 follows:

	Balance 12/31/2007	Additions	Deletions	Balance 12/31/2008
<i>Depreciated Capital Assets:</i>				
Improvements other than buildings	\$ 28,768	\$ 0	\$ 0	\$ 28,768
Furniture and equipment	10,256	0	0	10,256
 Total cost	 39,024	 0	 0	 39,024
 <i>Less: Accumulated depreciation:</i>				
Improvements other than buildings	(10,843)	(2,878)	0	(13,721)
Furniture and equipment	(4,685)	(1,677)	0	(6,362)
 Total accumulated depreciation	 (15,528)	 (4,555)	 0	 (20,083)
 Total capital assets being depreciated, net	 \$ 23,496	 \$ (4,555)	 \$ 0	 \$ 18,941

**F. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

For 2008 and 2007 net assets restricted for other purposes include money received from The Reckoning. This money is earmarked for a revolving loan fund.

The Business Park applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**NOTE 12: SUBSEQUENT EVENTS**

Sanders Transfer had a two year lease agreement with the Port Authority that would have expired on August 1, 2010. In January 2009 Sanders Transfer notified the Port Authority that they would cease operation.

The TCPA, in order to satisfy the needs of the customers being served in that warehouse, took over the operation of the warehouse. The TCPA Board considered their alternatives and elected to continue to operate and develop the now named Reeves Mill Logistics Warehouse.

The Port Authority would also have to write off the loans receivable from Sanders Transfer in the amount of \$28,847.

***Perry & Associates***  
**Certified Public Accountants, A.C.**

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

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

June 10, 2009

Board of Trustees  
Tuscarawas County Port Authority  
PO Box 97- 6000 Industrial Drive  
The Plains, Ohio 45780

To the Board of Directors:

We have audited the accompanying basic financial statements of the business-type activities of the **Tuscarawas County Port Authority** (the Authority), a component unit of Tuscarawas County, as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 10, 2009, wherein we noted the Authority implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and GASB Statement No. 50, *Pension Disclosures* for the year ending December 31, 2008. 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 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 Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies.

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 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 Authority's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

### **Internal Control Over Financial Reporting (Continued)**

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-001.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the 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 one instance of noncompliance or other matter that we must report under *Government Auditing Standard* which is described in the accompanying schedule of findings as item 2008-001.

We also noted a certain internal control matter that we reported to the Authority's management in a separate letter dated June 10, 2009.

The Authority's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and Authority Board and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**TUSCARAWAS COUNT PORT AUTHORITY  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 and 2007**

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

**Finding Number 2008-001**

**Noncompliance Citation / Significant Deficiency**

**Ohio Rev. Code Section 5705.41 (B)** states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in 2008 and 2007.

We recommend the Executive Director frequently compare actual expenditures plus outstanding encumbrances to appropriations at the function level to avoid overspending.

**Officials' Response:** The Authority Board will take a more proactive approach and monitor expenditures versus appropriations to ensure compliance is met.

**TUSCARAWAS COUNTY PORT AUTHORITY  
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	ORC Section 5705.41(D) – Expenditures were made without the Executive Director’s prior certification.	Yes	Finding No Longer Valid
2006-002	ORC Section 5705.41(B) – Expenditures in excess of appropriations.	No	Not Corrected – Refer to Finding 2008-001





**Mary Taylor, CPA**  
Auditor of State

**TUSCARAWAS COUNTY PORT AUTHORITY**

**TUSCARAWAS 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 30, 2009**