

***PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Mary Taylor, CPA

Auditor of State

Board of Directors  
Portage County Port Authority  
217 South Chestnut Street  
Ravenna, Ohio 44266

We have reviewed the *Report of Independent Accountants* of the Portage County Port Authority, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Portage County Port Authority is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA  
Auditor of State

August 30, 2010

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**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2009 and 2008**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Portage County Port Authority  
Portage County  
217 S. Chestnut St.  
Ravenna, Ohio 44266

To the Board of Directors:

We have audited the accompanying financial statements of the Portage County Port Authority, Portage County (the Authority), as and for the years ended December 31, 2009 and 2008. 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 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the 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.

Revisions to GAAP would require the Authority to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. While the Authority does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Authority has elected not to reformat its statements. Since the Authority does not use GAAP to measure its financial statement amounts, 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, 2009 and 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2009 and 2008, 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 combined fund cash balances of the Authority as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Authority to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The 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 June 25, 2010, 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, 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 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.

*Charles E. Harris & Associates, Inc.*  
June 25, 2010

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY  
STATEMENT OF RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
For the Years Ended December 31, 2009 and 2008**

	2009	2008
<b>Cash Receipts:</b>		
TIF Fees	\$ 7,560	\$ 10,592
Earnings on Investments	379	2,435
	7,939	13,027
<b>Cash Disbursements:</b>		
<b>Current:</b>		
Contract Services	2	122
Training and Meeting Registrations	225	100
Membership Dues	100	100
Advertising and Marketing	39	35
Professional and Technical Services	454	1,400
Food Supplies	99	47
	919	1,804
<b>Total Cash Disbursements</b>	<b>919</b>	<b>1,804</b>
<b>Excess of Cash Receipts Over/(Under)     Cash Disbursements</b>	<b>7,020</b>	<b>11,223</b>
<b>Fund Balance January 1</b>	<b>147,690</b>	<b>136,467</b>
<b>Fund Balance December 31</b>	<b>\$ 154,710</b>	<b>\$ 147,690</b>

See accompanying Notes to the Financial Statements.

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Portage County Port Authority, Portage 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 seven member Board of Directors. The Board of Directors are appointed by the Portage County Board of 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 4582.59.

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

**B. Basis of Accounting**

These financial statements follow a 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Budgetary Process**

The Portage County Port Authority Board of Directors follows Ohio Revised Code 5705 in general and Sections 5705.30 and 5705.38 in particular.

**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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Ohio Revised Code prescribes allowable deposits and investments.

At December 31, 2009 and 2008, the Port Authority had cash and investments with a carrying amount of \$154,710 and \$147,690, respectively.

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**2. EQUITY IN POOLED CASH AND INVESTMENTS – (CONTINUED)**

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Port Authority, or (3) collateralized by the financial institution's public entity deposit pool.

**3. TAX INCREMENT FINANCING (TIF)**

Tax Increment Financing (TIF) is an economic development tool which allows a political subdivision to capture incremental real property tax revenues (the increase in assessed value of the real property from private development) and use those revenues to pay for or finance the costs of public infrastructure improvements. The Portage Port Authority collects TIF fees for the Brimfield Crossings Project to provide for Tax Increment Financing (TIF) for public infrastructure improvements and the acquisition of real estate for economic development purposes.

**4. PORTAGE COUNTY PORT AUTHORITY, OHIO VARIABLE RATE INDUSTRIAL DEVELOPEMENT REVENUE BONDS, SERIES 2007 (DELTA SYSTEMS, INC. PROJECT)**

The proceeds of the Bonds are to be used to finance the costs of acquiring, constructing, improving, and equipping real and personal property constituting port authority facilities (the "Project") to be located at 1734 Frost Road, Streetsboro, Ohio 44241. The Project includes the construction of an addition to the existing manufacturing facility, the renovation of a portion of the existing manufacturing facility, and the purchase of equipment for the manufacturing facility. The Project will be owned by BF Properties Limited Partnership and leased to Delta Systems, Inc. for use in the manufacture of electrical switches, other electronic components, and wireless remote systems. The Bonds are anticipated to be issued in an approximate principal amount not to exceed \$9,000,000. The Bonds will be special obligations of the Port Authority. Neither the faith and credit nor the taxing power of the Port Authority is pledged to the payment of the principal of or interest on the Bonds. No assets of the Authority were pledged.

**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.

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***Charles E. Harris & Associates, Inc.***  
***Certified Public Accountants***

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

Portage County Port Authority  
Portage County  
217 S. Chestnut St.  
Ravenna, Ohio 44266

To the Board of Directors:

We have audited the financial statements of the Portage County Port Authority, Portage County, Ohio (the Authority), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 25, 2010, wherein we noted the Authority followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

### 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 grants 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted matters that we have reported to management of the Authority in a separate letter dated June 25, 2010.

We intent this report solely for the information and use of management and the Authority Board of Directors, and others within the District. We intend it for no one other than these specified parties.

*Charles E. Harris and Associates, Inc.*  
June 25, 2010

**PORTAGE PORT AUTHORITY  
PORTAGE COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**The prior audit report, as of December 31, 2007 and 2006 reported no material citations or recommendations.**





**Mary Taylor, CPA**  
Auditor of State

**PORTAGE COUNTY PORT AUTHORITY**

**PORTAGE 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  
SEPTEMBER 9, 2010**