



Dave Yost • Auditor of State

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

West Central Ohio Port Authority
Clark County
Springview Government Center
3130 East Main Street, Suite 2B
Springfield, Ohio 45505

To the Board of Directors:

We have audited the accompanying basic financial statements of the West Central Ohio Port Authority, Clark County, (the Port Authority), as of and for the year ended December 31, 2010 as listed in the table of contents. These financial statements are the responsibility of the Port Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.


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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Central Ohio Port Authority, Clark County, as of December 31, 2010, and the changes in its financial position and its cash flows for the year 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 August 16, 2011, on our consideration of the Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Port Authority's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of federal awards expenditure is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

August 16, 2011

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010
(UNAUDITED)**

The discussion and analysis of West Central Ohio Port Authority (the Port Authority) financial performance provides an overall review of the financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Port Authority's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented, and is presented in the MD&A.

Financial Highlights

Key financial highlights for 2010 are as follows:

- Total net assets increased by \$1,283,628 in 2010, due to \$758,712 increase in capital contribution from the American Recovery and Reinvestment Act (ARRA) federal grant for track and bridge rehabilitation projects and \$650,582 increase in operating revenues. These increases were offset in part by decrease in non-operating revenue from the absence of railroad maintenance tax credits that were received in 2009 but not in 2010. Additionally, overall expenses increased \$8,313 during 2010, primarily due to increases in depreciation, repairs and maintenance and legal fees.
- Total assets increased by \$449,754 which represents a 3.52 percent increase from the prior year. The increase was primarily due to \$219,243 increase in grants receivable a \$142,928 increase in accounts receivable and \$166,462 increase in cash and cash equivalents. The increase was offset by \$78,879 decrease in capital assets, net of current year depreciation and organizational costs. The Port Authority's cash and cash equivalents increased from additional maintenance fees and trackage use fees generated from a 60 percent increase in carloads served during 2010. Grants receivable represents the remaining portion of the ARRA grant yet to be received. A significant portion of accounts receivable is due from shippers for track maintenance fees.
- Total liabilities decreased by \$833,874 resulting from \$693,127 decrease in accounts payable related to a track rehabilitation project that was conducted in 2009 and \$187,698 principal payments on the existing debt. The decrease was offset by an increase in estimated accrued real estate taxes.
- The net operating income reported of \$295,748 for 2010 increased by \$642,554 from the operating loss of \$346,806 for 2009, primarily due to an increase in operating revenues of \$650,582, offset by an increase in operating expenses from depreciation expense of \$27,048, repairs and maintenance expenses of \$16,970, and legal fees of \$9,334 during 2010. The increase in operating expenses was offset by a decrease in bad debt expense of \$21,132.

Using this Financial Report

This financial report contains the basic financial statements of the Port Authority, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, and a statement of cash flows. As the Port Authority reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

Statement of Net Assets

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

Net assets are reported in three broad categories (as applicable):

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of net assets consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets: This component of net assets consists of restricted assets which constraints are placed on asset by grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of net assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of related debt" or "Restricted Net Assets."

Table 1 provides a summary of the Port Authority's net assets for 2010 compared with 2009.

Table 1 Net Assets		
	2010	2009
Assets:		
Current and other assets	\$ 1,369,150	\$ 840,517
Capital assets, net	11,847,840	11,926,719
Total Assets	13,216,990	12,767,236
Liabilities:		
Current liabilities	381,094	1,025,116
Non-current liabilities	788,444	978,296
Total Liabilities	1,169,538	2,003,412
Net Assets:		
Invested in capital assets, net of related debt	10,855,225	10,745,594
Unrestricted	1,192,227	18,230
Total Net Assets	\$12,047,452	\$10,763,824

Total net assets of the Port Authority increase by \$1,283,628 in 2010 or 11.93 percent. The increase in total net assets from 2009 was primarily due to maintenance fees and use and trackage fees increasing by \$649,334 offset by a decrease in other non-operating revenue of \$105,799 from the absence of railroad maintenance tax credits that were received in 2009 and an increase overall expenses of \$8,313. The Port Authority capital contributions for 2010 were \$758,712 more than the amount for 2009.

As noted in Table 1 above, the unrestricted net assets as of December 31, 2010 increased by \$1,173,997. The net assets invested in capital assets, net of related debt increased by \$109,631 resulting from current year capital asset acquisition in the amount of \$448,644, offset by depreciation of \$526,711, and repayment of \$187,698 debt used to acquire capital assets.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

Table 2 shows the changes in net assets for the year ended December 31, 2010, as well as revenue and expense comparisons to 2009

**Table 2
Changes in Net Assets**

	2010	2009
Operating Revenues:		
Use Fees – Operations	\$ 295,123	\$ 137,595
Lease Receipts – Property	57,964	56,741
Maintenance Fees	673,236	181,430
Document Fees	2,150	2,125
Non-Operating Revenues:		
Other Non-Operating Revenues	8,008	112,058
Gain on sale of assets		1,415
Interest Income	414	748
Total Revenues	<u>1,036,895</u>	<u>492,112</u>
Operating Expenses:		
Legal Fees	17,673	8,339
Real Estate Service	5,017	5,977
Bookkeeping Service	9,000	9,000
Accounting Service	13,000	13,000
Administration – Clark County TCC	68,166	71,238
Planning – Clark County TCC	2,500	5,000
Track Studies/Inspection/Construction Mgmt.		11,396
Taxes, Licenses and Fees	46,068	45,823
Insurance – Bond	364	364
State Audit	5,718	9,748
Amortization of Organizational Costs	812	812
Depreciation	526,711	499,663
Nuisance & Abatement		1,289
Repairs and Maintenance	33,985	17,015
Advertising	60	3,997
Bad Debts		21,132
Other operating expenses	3,651	904
Non-Operating Expenses:		
Loan Fees and Letter of Credit		4,000
Interest Expense	20,542	16,257
Total Expenses	<u>753,267</u>	<u>744,954</u>
Excess (Loss) Before Contributions	283,628	(252,842)
Capital Contributions	1,000,000	241,288
Increase (decrease) in net assets	1,283,628	(11,554)
Net assets, beginning of year	<u>10,763,824</u>	<u>10,775,378</u>
Net assets, end of year	<u>\$12,047,452</u>	<u>\$10,763,824</u>

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

The increase in use fees was due to an increase in the number of carloads transported during the year – 7,591 railcars served in 2010 compared to 4,742 railcars in 2009. Trackage rights fees increased due to additional “overhead” traffic being routed onto the Port Authority’s tracks during 2010. The maintenance fees increase as a result of 60 percent increase in railcars served during 2010. Lease receipts increased by \$1,223. The Port Authority received commitments from shippers and Indiana & Ohio Railway Company to reinvest \$111,801 into the maintenance fund from refunds obtained from the Internal Revenue Service under the Section 42G Railroad Maintenance Tax Credits program during 2009, while no such commitments were available in 2010 due to the expiration of the Tax Credit, resulting in a decrease in other non-operating revenues. Included in non-operating revenue in 2010 is \$8,008 in salvage proceeds.

Total expenses of the Port Authority reported for the year were \$8,313 higher than those reported for the previous year. The following factors contributed to this increase in 2010: legal fees increased by \$9,334, depreciation increased by \$27,048, interest expense increased by \$4,285 and repairs and maintenance increased by \$16,970. Bad debt expense decreased by \$21,132 and appraisal/track studies/inspection/construction management expenses decreased by \$11,396.

Capital Assets

At December 31, 2010 capital assets of the Port Authority were \$16,860,531 off-set by \$5,028,714 in accumulated depreciation resulting in net capital assets of \$11,831,817. Table 3 shows the categories of capital assets maintained by the Port Authority, net of accumulated depreciation, at December 31, 2010 and 2009.

**Table 3
Capital Assets, Net of Depreciation**

	2010	2009
Land	\$ 1,239,960	\$ 1,239,960
Equipment and Appendices	2,399,947	2,399,947
Spur	207,951	207,951
Railroad	13,012,673	11,804,094
Construction in progress		759,935
Total capital assets	16,860,531	16,411,887
Less accumulated depreciation	(5,028,714)	(4,502,003)
Totals	<u>\$11,831,817</u>	<u>\$11,909,884</u>

The \$448,644 increase in total capital assets was due to the following factors: (1) track rehabilitation in Urbana and Springfield, Ohio totaling \$642,864 part of which was included in construction in progress in 2009;(2) line cross repairs of \$168,391; (3) replacement of ties in South Charleston, Ohio totaling \$23,200; and (4) bridge repairs in Urbana, Ohio totaling \$374,124. ARRA grant totaling \$1,000,000 were utilized to fund the above mentioned capital projects. Depreciation expense for 2010 and 2009 were \$526,711 and \$449,663, respectively.

See Note 5 of the notes to the basic financial statements for more detailed information on the Port Authority’s capital assets.

Debt

At December 31, 2010, the debt obligations of the Port Authority consisted of four outstanding loan obligations, one with the Ohio Department of Transportation (State Infrastructure Bank) and three with Ohio Rail Development Commission. The outstanding balance of four loans as of December 31, 2010 totaled \$976,592, of which \$188,148 is due within one year. See Note 8 to the basic financial statements for additional details.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

Contacting the Port Authority

This financial report is designed to provide a general overview of the finances of the West Central Ohio Port Authority and to show the Port Authority's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: West Central Ohio Port Authority, Springview Government Center, 3130 East Main Street, Suite 2B, Springfield, Ohio 45505.

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**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

Assets:

Current assets:

Cash and Cash Equivalents	\$732,258
Accounts Receivable	324,757
Grants Receivable	312,135
Total current assets	1,369,150

Non-current assets:

Nondepreciable Capital Assets	1,239,960
Depreciable Capital Assets, Net	10,591,857
Organizational Costs	16,023
Total non-current assets	11,847,840

Total Assets	13,216,990
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Liabilities:

Current liabilities:

Accounts Payable	15,067
Accrued Real Estate Taxes	137,380
Deferred Revenue	37,683
ORDC Loan Payable, current portion	135,446
ODOT State Infrastructure Bank Loans Payable, current portion	52,702
Accrued Interest Payable	2,816
Total current liabilities	381,094

Non-current liabilities:

ORDC Loan Payable, less current portion	561,221
ODOT State Infrastructure Bank Loans Payable, less current portion	227,223
Total non-current liabilities	788,444

Total Liabilities	1,169,538
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Net Assets:

Invested in capital assets, net of related debt	10,855,225
Unrestricted	1,192,227
Total net assets	\$12,047,452

See accompanying notes to the basic financial statements.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Operating Revenues:

Use and Trackage Fees - Operations	\$295,123
Lease Receipts - Property	57,964
Maintenance Fees	673,236
Document Fees	2,150
Total Operating Revenues	<u>1,028,473</u>

Operating Expenses:

Legal Fees - General Counsel	7,254
Legal Fees - Special Counsel	10,419
Real Estate Service	5,017
Bookkeeping Service	9,000
Accounting Service	13,000
Administration - Clark County TCC	68,166
Planning - Clark County TCC	2,500
Taxes, Licenses and Fees	46,068
Insurance - Bond	364
State Audit	5,718
Amortization of Organizational Costs	812
Depreciation	526,711
Marketing	3,350
Repairs and Maintenance	33,985
Advertising	60
Miscellaneous Expense	301
Total Operating Expenses	<u>732,725</u>

Operating Income	295,748
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Non-Operating Revenue (Expenses)

Interest Income	414
Other Income	8,008
Interest Expense	<u>(20,542)</u>
Total Non-Operating Revenue (Expenses)	<u>(12,120)</u>

Net loss before contributions	283,628
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Capital contributions	<u>1,000,000</u>
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Change in net assets	1,283,628
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Net Assets at the Beginning of Year	<u>10,763,824</u>
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Net Assets at the End of Year	<u><u>\$12,047,452</u></u>
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See accompanying notes to the basic financial statements.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Cash Flow From Operating Activities:

Cash received from customers	\$836,736
Cash payments to suppliers for goods and services	(169,291)
Other operating revenue	<u>2,150</u>
Net Cash Provided by Operating Activities	<u>669,595</u>

Cash Flows From Non-capital Financing Activities:

Interest Income	414
Tax Credit Proceeds	47,497
Other non-operating revenue	<u>8,008</u>
Net Cash Provided by Noncapital Financing Activities	<u>55,919</u>

Cash Flow from Capital and Related Financing Activities:

Capital acquisitions	(1,131,614)
Principal paid on ODOT Loans	(51,155)
Principal paid on ORDC Loans	(136,543)
Change in accrued Interest on ODOT Loans	45
Capital contributions received	780,757
Interest paid on Loans	<u>(20,542)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(559,052)</u>

Net Change in Cash and Cash Equivalents 166,462

Cash and Cash Equivalents at the Beginning of Year 565,796

Cash and Cash Equivalents at the End of Year 732,258

Reconciliation of Operation Loss to Net

Cash Provided by Operating Activities:

Operating Income 295,748

Adjustments to reconcile Operating Income

to Net Cash Provided by Operating Activities:

Amortization Expense	812
Depreciation Expense	526,711
Change in Receivables	(190,425)
Change in Deferred Revenue	838
Change in Accrued Real Estate Taxes	46,068
Change in Accounts Payables	<u>(10,157)</u>
Total Adjustments	<u>373,847</u>

Net Cash Provided by Operating Activities \$669,595

See accompanying notes to the basic financial statements.

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**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. DESCRIPTION OF THE REPORTING ENTITY

The West Central Ohio Port Authority is a governmental subdivision established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

On February 27, 1990, the Clark County Commission entered into an agreement to become part of a jointly governed organization with the Fayette County Commission for the purpose of purchasing and operating 27.13 miles of railroad between South Charleston, Ohio, in Clark County and Washington Court House, Ohio, in Fayette County. The purpose of forming the jointly governed organization was to protect the economic security of the agricultural community in southeastern Clark County by outright purchase of railway over which to transport grain and other commodities to market outlets. In accordance with the Ohio Revised Code, 4582.20.1, the Port Authority was established and named the Clark County – Fayette County Port Authority.

On August 16, 1993, the Clark County – Fayette County Port Authority signed an agreement of Joinder with Champaign County. The purpose of the agreement was to extend the territorial limits of the Port Authority in order to purchase two additional rail segments. The first segment runs between Springfield, Ohio, in Clark County and Bellefontaine, Ohio, in Logan County. The second segment runs between Springfield, Ohio, and Mechanicsburg, Ohio, in Champaign County. Because of the territorial change, the name of the organization was changed from the Clark County – Fayette County Port Authority to the West Central Ohio Port Authority.

The Port Authority is governed by a board of directors, two of whom are appointed by the commissioners of Champaign County, two of whom are appointed by the commissioners of Clark County, two by the commissioners of Fayette County and one by a majority action of the three counties. The Port Authority provides the services which are defined by Chapter 4582 of the Ohio Revised Code and which services include but are not limited to the power to purchase, construct, re-construct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities.

The Commissioners of Clark, Fayette and Champaign Counties 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 directors. All counties maintain their own accounting functions, are separate reporting entities, and their financial activities are not included within the financial statements of the Port Authority.

The general office of the Port Authority is located in the Springfield Township and within the Clark-Shawnee School District. These entities maintain their own accounting functions, are separate reporting entities, and their financial activities are not included within the financial statements of the Port Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of West Central Ohio Port Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (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, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Port Authority's accounting policies are described below.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises 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.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. Equity (i.e., net assets) consists of retained earnings. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Data

Ohio Revised Code Section 4582.13 requires the Port Authority annually prepare a budget. No further approvals or actions are required under Section 4582 of the Ohio Revised Code.

D. Cash and Cash Equivalents

The Port Authority maintains a cash management program whereby cash is deposited with a banking institution in Clark County. The agreements restrict activity to certain deposits. These deposits are stated at cost which approximates market value. Investment procedures are restricted by the provisions of the Ohio Revised Code.

E. Accounts Receivable

Receivables recorded on the Port Authority's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation but also, by a reasonable, systematic method of determining their existence, completeness, valuation and collectability. Receivables at December 31, 2010 consisted of rent or lease account billings, use and trackage rights. All receivables are considered collectible in full.

F. Grants Receivable

Grants receivable represents amounts due from federal and state agencies for the various projects administered by the Port Authority. The receivable includes amounts due on projects closed-out as of December 31, 2010.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets and Depreciation

Property, plant and equipment are recorded at either historical cost for capital assets acquired by the Port Authority or estimated fair market value for donated capital assets and are depreciated using the straight-line method over the useful life of the assets as follows:

Signals and equipment	14 Years
Track	30 Years
Office Equipment	10 Years

H. Capitalization of Interest

The Port Authority's policy is to capitalize net interest on construction projects until substantial completion of the project. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset. For 2010, the Port Authority incurred no interest which was capitalized.

I. Organizational Costs

Organization costs were capitalized when the Port Authority was originally formed in 1990. Costs are amortized using the straight-line method over a 40 year period.

J. Operating and non-operating revenues and expenses

Operating revenues are those revenues that are generated directly at the Port Authority's primary mission. For the Port Authority, operating revenues include railroad track use and trackage fees, property lease income, railroad maintenance fees and related market and document fees. Operating expenses are necessary costs incurred to support the Port Authority's primary mission, including depreciation.

Non-operating revenues and expenses are those that are not generated directly by the Port Authority's primary mission. Various state grants, capital contributions, interest income, and expenses comprise the non-operating revenues and expenses of the Port Authority.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation and net of related debt. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Board 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.

L. Capital Contributions

Capital contributions arise from outside contributions of capital assets or outside contributions of resources restricted to capital acquisition and construction. The Port Authority had capital contributions of \$1,000,000 during 2010.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. DEPOSITS AND INVESTMENTS

Ohio Law requires the classification of funds held by the Port Authority into three categories:

Active funds are those funds required to be kept in "cash" or "near cash" status for immediate use by the Port Authority. Such funds must be maintained either as cash in the Port Authority Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Inactive funds are those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Interim funds are those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be 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. Interim deposits in eligible institutions apply for interim funds;
5. Bonds and other obligations of the State of Ohio;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2010, the carrying amount of the Port Authority's deposits totaled \$732,258 and its bank balance was \$739,916. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2010, \$489,916 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

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

4. USE AND LEASE RECEIPTS

Use and lease receipts are amounts received by the Port Authority for lease of railroad tracks. Amounts due at December 31, but uncollected amounts are recorded as revenue.

5. CAPITAL ASSETS

A summary of the property, plant and equipment purchased as of December 31, 2010, follows. These assets are substantially leased to a third party:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,239,960			\$ 1,239,960
Construction in progress	759,935		\$759,935	
	1,999,895		759,935	1,239,960
Capital assets being depreciated:				
Equipment and Appendices	2,399,947			2,399,947
Spur	207,951			207,951
Railroad	11,804,094	\$1,208,579		13,012,673
	14,411,992	1,208,579		15,620,571
Less Accumulated Depreciation on:				
Equipment and Appendices	(1,203,197)	(107,899)		(1,311,096)
Spur	(162,464)	(3,639)		(166,103)
Railroad	(3,136,342)	(415,173)		(3,551,515)
	(4,502,003)	(526,711)		(5,028,714)
Capital assets, net	<u>\$11,909,884</u>	<u>\$ 681,868</u>	<u>\$759,935</u>	<u>\$11,831,817</u>

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

6. SHORTLINE RAILROAD AGREEMENT

The Port Authority entered into a Shortline railroad operating agreement with the Indiana & Ohio Railroad, Inc., (IORY) on September 4, 1990, for operation as a shortline carrier. In light of current and ongoing operation and ownership of the Shortline, both parties entered into a revised and updated 2005 Agreement during 2006, terms of which went in effect retro-active as of May 1, 2005. The 2005 Agreement continues in effect until December 31, 2090, unless sooner terminated, and specifies that an additional 99 year term will be granted at the end of the initial term.

The 2005 Agreement permits (a) the Port Authority to terminate this Agreement: (i) upon an arbitration board determining that IORY has not performed services that would reasonably be expected of a similar carrier given the circumstances such termination to be effective as specified in a written notice provided by WESTCO PA to IORY; (ii) Upon the failure of IORY for a period of 90 days after the due date to pay any applicable Use and/or Trackage Fee and/or (b) IORY shall have the right to terminate this Agreement in the event that overhead traffic and online customer revenue base do not provide sufficient monetary return over and above associated expenses. Termination by IORY is to be effective 120 days after written notice by IORY to WESTCO PA.

In accordance with the 2005 Agreement, IORY is required to perform at its own expense all routine maintenance on the Shortline up to the limits specified in the agreement and maintain the Shortline at not less than Federal Railroad Administration Class II track standards ("Class II Condition"). Any damage to the Shortline, other than normal wear, that occurs as a result of IORY operations shall be repaired at IORY's expense. The Port Authority is solely responsible for any extraordinary maintenance or capital improvements required to maintain the line to its current Class II condition.

The 2005 Agreement states that a use fee for any cars originating or terminating on the Shortline will be paid within thirty days after the close of the calendar quarter by the IORY to the Port Authority.

The 2005 Agreement also states that for use of Trackage by IORY or any other railroad authorized in writing by IORY and WESTCO PA for overhead (bridge) traffic, not originating or terminating on the Shortline, between Springfield (MP 202.7) and Fayne (MP 229.83), a distance of 27.13 miles, IORY shall pay directly to WESTCO PA, for each car (empty or loaded), locomotive and caboose handled by IORY over the Trackage pursuant to this Agreement. For purposes of computing the fee, locomotives shall be counted as two cars. Trackage fee payments will be paid on a monthly basis on or before thirty (30) days after the close of the month in which the applicable Trackage Fees accrue.

The agreement restricts the use of both the use and trackage fees solely for extraordinary maintenance and/or capital expenditures directly related to rail infrastructure and freight operations over the Shortline Property.

The Port Authority is entitled to all revenue from rents, leases, and licenses that are derived from ownership of the real property, and related improvements. The Port Authority is responsible for any interest and principal payments which may be associated with its ownership.

The IORY is entitled to revenues derived from its operation of the Shortline, including switching fees, per diem and demurrage and other accessorial charges per IORY 8000 and 6001 series tariffs. IORY is responsible for all freight rail expenses associated with operation of the Shortline including the maintenance liability insurance coverage with benefits not less than \$5 million. The Port Authority is named as an additional insured on the policy.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

6. SHORTLINE RAILROAD AGREEMENT (Continued)

Both parties agree to indemnify and hold harmless each other, its agents, directors, officers and employees, from and against liabilities from any claims, liabilities, costs or expenses (including reasonable attorneys' fees) for damage to any property, personal injuries or deaths caused by or resulting from any acts or omissions, its agents, employees, independent contractors or otherwise by the their operations.

7. CONTINGENT LIABILITIES

Per an agreement signed on January 3, 1991, between the Indiana and Ohio Central Railroad and the Port Authority, the Port Authority agrees to repay the IORY contribution of \$116,170 toward the purchase of the railroad, upon the occurrence of any of the following conditions:

- Should the IORY no longer provide rail service for the line after the line remains unused for a period of twelve months.
- Should the railroad be sold, abandoned, or otherwise disposed of, the Port Authority will repay the IORY an amount equal to 4.04% of the net proceeds of the sale, or
- The Port Authority will repay the \$116,170 to IORY within three months of operation of the line by someone other than IORY.

There is no liability provision for any of these occurrences in the financial statements due to the remoteness of the occurrences.

8. LONG-TERM OBLIGATIONS

The Port Authority has the following loan obligations with the Ohio Department of Transportation:

Loans	Balance 12/31/2009	Increases	Decreases	Balance 12/31/2010	Amount Due in One Year
2007 SIB loan, 3.00%	\$ 331,080		(\$ 51,155)	\$279,925	\$ 52,702
ORDC loan 5.17%	220,000		(39,581)	180,419	41,676
ORDC loan 5.00%	237,019		(39,819)	197,200	37,790
ORDC loan 2.17%	376,191		(57,143)	319,048	55,980
Total	\$1,164,290	\$0	(\$187,698)	\$976,592	\$188,148

On May 11, 2007, the Port Authority entered into a loan agreement for an amount up to \$377,261 with the Ohio Department of Transportation for the purpose of financing railroad track rehabilitation on the U.S. Route 36 grade crossing separation. The Port needed only \$367,970 to complete the rehabilitation project. Accrued interest of \$11,039 was added to the principal during 2009. The note bears interest a zero percent interest rate for the first twelve months and three percent interest rate thereafter.

On November 9, 2007, the Port Authority entered into a loan agreement for \$308,000 with the Ohio Railroad Development Commission for the purpose of partially financing the replacement of bridge #224.7 over Sugar Creek in Fayette County. The loan was issued for a period of seven years at a rate of 0% from January 1, 2008 through December 31, 2009 and 5.17% from January 1, 2010, until paid.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

8. LONG-TERM OBLIGATIONS (Continued)

On October 16, 2008, the Port Authority entered into a loan agreement for \$280,417 with the Ohio Railroad Development Commission for the purpose of partially financing the replacement of bridge #222.2 over Sugar Creek in Fayette County. The loan was issued for a period of seven years at a rate of 0% from December 1, 2009 through November 30, 2010 and 5.00% from December 1, 2010, until paid.

On June 15, 2009, the Port Authority entered into a loan agreement for \$400,000 with the Ohio Railroad Development Commission for the purpose of financing railroad track rehabilitation. The loan was issued for a period of seven years at a rate of 0% from August 1, 2009 through July 31, 2011 and 2.17% from August 1, 2011, until paid.

Combined principal and interest requirements to retire these loans are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest/ Admin.</u>	<u>Total</u>
2011	\$188,148	\$24,252	\$ 212,400
2012	192,308	21,960	214,268
2013	198,665	15,602	214,267
2014	205,256	9,011	214,267
2015	157,265	3,377	160,642
2016	34,950	253	35,203
Total	<u>\$976,592</u>	<u>\$74,455</u>	<u>\$1,051,047</u>

9. RISK MANAGEMENT

The Port Authority is covered by general liability and public official liability insurance with the County Risk Sharing Authority. Coverage with a private carrier provides, bonding, liability insurance on the rails, right-of-way, theft and property damage. The Port Authority is co-insured with Indiana and Ohio Railroad for any operational liability.

There has been no significant reduction in coverage in relation to the prior year. Settled claims have not exceeded commercial coverage in any of the last three years.

10. RELATED PARTY

The Port Authority billed \$21,250 for maintenance fees to Damewood Enterprises in 2010. Gerald Damewood, a board member of the Port Authority, is the owner of Damewood Enterprises.

WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY

FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditure</u>
Department of Transportation Federal Transit Authority (FTA)		
<i>Passed through Ohio Department of Transportation:</i>		
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	<u>\$1,000,000</u>
Total		<u><u>\$1,000,000</u></u>

The accompanying notes are an integral part of this schedule.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditure Schedule (the Schedule) reports the West Central Ohio Port Authority (the Port Authority's) federal award program disbursements. The Schedule has been prepared on the cash basis of accounting.



Dave Yost • Auditor of State

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

West Central Ohio Port Authority
Clark County
Springview Government Center
3130 East Main Street, Suite 2B
Springfield, Ohio 45505

To the Board of Directors:

We have audited the basic financial statements of the West Central Ohio Port Authority, Clark County, (the Port Authority) as of and for the year ended December 31, 2010, and have issued our report thereon dated August 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

We did note a certain matter not requiring inclusion in this report that we reported to the Port Authority's management in a separate letter dated August 16, 2011.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.auditor.state.oh.us

West Central Ohio Port Authority
Clark County
Independent Accountant's Report on Internal Control Over
Financial Reporting and On Compliance and Other Matters
Required by Government Auditing Standards
Page 2

We intend this report solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities, and others within the Port Authority. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 16, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

West Central Ohio Port Authority
Clark County
Springview Government Center
3130 East Main Street, Suite 2B
Springfield, Ohio 45505

To the Board of Directors:

Compliance

We have audited the compliance of the West Central Ohio Port Authority (the Port Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the West Central Ohio Port Authority's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Port Authority's major federal program. The Port Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Port Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Port Authority's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Port Authority's compliance with those requirements.

In our opinion, the West Central Ohio Port Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

The Port Authority's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Port Authority's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Port Authority's internal control over compliance.

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**Internal Control Over Compliance
(Continued)**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the Port Authority's management in a separate letter dated August 16, 2011.

We intend this report solely for the information and use of the management, Board of Directors, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

August 16, 2011

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	ARRA - Formula Grants for Other Than Urbanized Areas (CFDA 20.509)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

WEST CENTRAL OHIO PORT AUTHORITY

CLARK 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
OCTOBER 13, 2011