



Dave Yost • Auditor of State

**PORT AUTHORITY
VAN WERT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Port Authority
Van Wert County
114 East Main Street
Van Wert, Ohio 45891

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Port Authority, Van Wert County, Ohio (the Authority), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Port Authority, Van Wert County as of December 31, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

July 2, 2014

**PORT AUTHORITY
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(UNAUDITED)**

The discussion and analysis of the Van Wert County Port Authority (the Authority) financial performance provides an overall view of the Authority's financial activities for the fiscal years ended December 31, 2013 and 2012. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

FINANCIAL HIGHLIGHTS

During 2012, the Port Authority purchased the Spoor Property for \$590,073. Jobs Ready Site monies received from the City of Van Wert provided the funding for the purchase of the property.

The Port Authority entered into a grant agreement with the Ohio Rail Development Commission (ORDC) for \$500,000 to rehabilitate a 4,200 foot branch line as a portion of the 1600 acre Job Ready Site Project. During 2013, the Port Authority received \$332,398 reimbursements from the ORDC for work done on the line.

USING THIS ANNUAL FINANCIAL REPORT

This report consists of three parts, Management's Discussion and Analysis (MD&A), the basic financial statements, and notes to those statements. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Statement of Net Position – The Statement of Net Position 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 economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

Table 1 provides a summary of the Authority's net assets for fiscal year 2013 compared to fiscal years 2012 and 2011.

Table 1

	2013	2012	2011
Assets:			
Cash	\$31,474	\$4,065	\$259,014
Other Current Assets	259,483	14,158	
Depreciable Capital Assets, Net	6,660	7,479	8,298
Non Depreciable Capital Assets	978,823	646,425	56,352
Total Assets	<u>1,276,440</u>	<u>672,127</u>	<u>323,664</u>
Liabilities:			
Contracts Payable	<u>259,483</u>		<u>249,676</u>
Net Position:			
Invested in Capital Assets	985,483	653,904	64,650
Unrestricted	31,474	18,223	9,338
Total Net Position	<u>\$1,016,957</u>	<u>\$672,127</u>	<u>\$73,988</u>

During 2012, the Authority purchased the Spoor ground for \$590,073 contributing to an increase in non-depreciable capital assets and net position, invested in capital assets. Jobs Ready Site monies (shown as grant revenue) received from the City of Van Wert provided the funding for the purchase of the property.

**PORT AUTHORITY
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(UNAUDITED)
(Continued)**

During 2013, work began on the rehabilitation of 4,200 foot branch line as a portion of the 1600 acre Job Ready Site project. This contributed to the increase in construction in progress for capital assets and invested in capital assets. The Port Authority was owed \$259,483 from the ORDC for reimbursement of the project which the Port Authority will pay to the City of Van Wert for work provided.

The Statement of Revenues, Expenses, and Changes in Net Assets shows the cost of operating expenses and the revenues offsetting those services. Table 2 shows the total amount of operating and non-operating expenses and the revenues associated with those expenses for the year. That is, it identifies the amount of operating expenses supported by operating funding sources.

Table 2

	2013	2012	2011
Operating Revenues:			
Rent	\$2,920	\$2,920	\$2,920
Easement Revenue	11,000	8,000	3,000
Other			5,806
Total Operating Revenues	<u>13,920</u>	<u>10,920</u>	<u>11,726</u>
Operating Expenses:			
Other Operating Expenses	669	1,962	238,006
Depreciation	819	819	819
Total Operating Expenses	<u>1,488</u>	<u>2,781</u>	<u>238,825</u>
Total Operating Income (Loss)	<u>12,432</u>	<u>8,139</u>	<u>(227,099)</u>
Non-operating Revenue			
Grant Revenue	<u>332,398</u>	<u>590,000</u>	
Income (Loss) before Special Item	<u>344,830</u>	<u>598,139</u>	<u>(227,099)</u>
Special Item:			
Track Salvage Reimbursements			<u>(249,676)</u>
Total Special Item			<u>(249,676)</u>
Change in Net Assets	344,830	598,139	(476,775)
Net Position – Beginning of Year	<u>672,127</u>	<u>73,988</u>	<u>550,763</u>
Net Position – End of Year	<u><u>\$1,016,957</u></u>	<u><u>\$672,127</u></u>	<u><u>\$73,988</u></u>

In accordance with the agreement made when the railroad property was originally transferred to the Authority, the Authority remitted 90% of the proceeds from the salvage of track to the ORDC. During 2011, the Authority's other operating expenses increased due to crossing repairs. The easement revenue is the initial payments received from with BP Wind Energy of North America, Inc. for an agreement signed in January 2012.

Capital Assets

At the end of fiscal year 2013, the Authority had \$985,483 invested in land, construction in progress, buildings and infrastructure. At the end of fiscal year 2012, the Authority had \$653,904 invested in land, buildings and infrastructure. During 2013, construction in progress of \$332,298 was recorded for the rehabilitation of a 4,200 foot branch line. During 2012, the Port Authority purchased Spoor ground for \$590,073. See Note 3 for further information.

**PORT AUTHORITY
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(UNAUDITED)
(Continued)**

Debt

The Authority did not have any outstanding debt at December 31, 2013 and 2012.

Current Issues

In January 2011, the Authority was awarded a \$500,000 grant from the Ohio Rail Development Commission. The \$500,000 grant is to rehabilitate a 4,200' branchline currently leased and operated by the Chicago, Ft. Wayne, & Eastern Railroad (CFER) that currently is used to serve a grain elevator, Scott Equity. In order for it to be certified as a Job Ready Site, the rail track must meet FRA Class II standards and handle 286,000 pound cars. The ORDC funds come from the proceeds of the salvaging of approximately 11 miles of the SPEG line between Elgin and Glenmore in Van Wert County. This reimbursable grant project is anticipated to be completed by December 31, 2014.

On January 18, 2012, the Port Authority signed an easement agreement with BP Wind Energy of North America, Inc. Under the terms of the agreement, the Port Authority granted a transmission easement in exchange for annual preconstruction payments of \$11,000 and a post-construction payment of \$88,387.

Contacting The Authority's Financial Management

This financial report is designed to provide citizens with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information contact Darlene Myers, 114 East Main Street, Van Wert, Ohio 45891.

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**PORT AUTHORITY
VAN WERT COUNTY**

**STATEMENT OF NET POSITION
DECEMBER 31, 2013 AND 2012**

	2013	2012
Current Assets:		
Cash	\$31,474	\$4,065
Accounts Receivable		1,416
Intergovernmental Receivable	259,483	12,742
Total Current Assets	290,957	18,223
Non Current Assets:		
Depreciable Capital Assets, Net	6,660	7,479
Nondepreciable Capital Assets	978,823	646,425
Total Non Current Assets	985,483	653,904
 Total Assets	 1,276,440	 672,127
Liabilities:		
Contracts Payable	259,483	
Net Position:		
Net Investment in Capital Assets	985,483	653,904
Unrestricted	31,474	18,223
Total Net Position	\$1,016,957	\$672,127

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

**PORT AUTHORITY
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
Operating Revenues:		
Rent	\$2,920	\$2,920
Easement Revenue	11,000	8,000
Total Operating Revenues	13,920	10,920
Operating Expenses:		
Other Operating Expenses	669	1,962
Depreciation	819	819
Total Operating Expenses	1,488	2,781
Operating Income (Loss)	12,432	8,139
Non-operating Revenue		
Grant Revenue	332,398	590,000
Change in Net Position	344,830	598,139
Net Position - Beginning of Year	672,127	73,988
Net Position - End of Year	\$1,016,957	\$672,127

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

**PORT AUTHORITY
VAN WERT COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
Cash Flows From Operating Activities:		
Cash Received from Rental Income	\$2,920	\$2,920
Cash Received from Easements	11,000	8,000
Cash Received from Other Operating Revenues	1,416	
Cash Payments for Other Operating Expenses	(669)	(1,962)
Net Cash Provided by Operating Activities	14,667	8,958
 Cash Flows from Capital and Related Financing Activities:		
Capital Contributions from Grants	332,398	590,000
Acquisition of Capital Assets	(332,398)	(590,073)
Reimbursement to State for salvaged track	12,742	(263,834)
Net Cash Provided by (Used for) Capital and Related Financing Activities	12,742	(263,907)
 Net Increase (Decrease) in Cash	27,409	(254,949)
 Cash at January 1	4,065	259,014
 Cash at December 31	\$31,474	\$4,065
 Reconciliation of operating loss to net cash used for operating activities		
 Operating Income	\$12,432	\$8,139
 Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	819	819
Change in operating liabilities:		
Accounts receivable	1,416	
 Net cash used for operating activities	\$14,667	\$8,958

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

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**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

1. DESCRIPTION OF THE ENTITY

The Port Authority of Van Wert County, (the Authority) was created pursuant to Sections 4582.202 through 4582.58, inclusive, of the Ohio Revised Code for the purpose of promoting the manufacturing, commerce, distribution and research and development interests of Van Wert County including rendering financial and other assistance to such enterprises situated in Van Wert County and to induce the location in Van Wert County of other manufacturing, commerce, distribution and research entities; to purchase, subdivide, sell and lease real property in Van Wert County and erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Van Wert County.

The Port Authority is considered a component unit of Van Wert County.

The Port Authority Board of Directors consists of the number of Directors it deems necessary and they are appointed by the Van Wert County Commissioners. Currently, nine Directors serve on the Board.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. Pursuant to GASB Statement No. 62, *"Codification of Accounting and Reporting Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,"* the Authority follows GASB guidance as applicable to enterprise funds.

A. Basis of Presentation

The Authority's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. The Authority uses enterprise accounting to track and report on its financial activities. Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows.

B. 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 statements of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Authority's financial statements are prepared using the accrual basis of accounting.

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenues resulting from non-exchange transactions, in which the Authority receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Authority must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to Authority on reimbursement basis.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

The Ohio Revised Code requires that the fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Authority to reserve (encumber) appropriations when commitments are made.

E. Cash and Cash Equivalents

As the Ohio Revised Code permits, the Van Wert County Treasurer holds the Authority's cash as the Authority's custodian. The County holds the Authority's assets in its investment pool, valued at the Treasurer's reported carrying amount.

F. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Depreciable capital assets are amortized using the straight-line method for a period of 38-40 years.

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditor, grantor, or laws or regulations of other governments. The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the Authority, these revenues are primarily rental payments for track and land. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the Authority. Revenues and expenses not meeting this definition are reported as non-operating.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 is as follows:

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
Capital Assets, not being depreciated:				
Land	\$646,425			\$646,425
Construction in Progress		\$332,298		332,298
Total Capital Assets, not being depreciated	<u>646,425</u>	<u>332,298</u>		<u>978,723</u>
Capital Assets, being depreciated:				
Building	2,159			2,159
Infrastructure	29,071			29,071
Total Capital Assets, being depreciated	<u>31,230</u>			<u>31,230</u>
Less: Accumulated Depreciation:				
Building	(1,565)	(54)		(1,619)
Infrastructure	(22,186)	(765)		(22,951)
Total Accumulated Depreciation	<u>(23,751)</u>	<u>(819)</u>		<u>(24,570)</u>
Total Capital Assets, being depreciated, net Capital Assets	<u>7,479</u>	<u>(819)</u>		<u>6,660</u>
	<u>\$653,904</u>	<u>\$331,479</u>		<u>\$985,383</u>

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

3. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2012 is as follows:

	<u>Balance 12/31/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2012</u>
Capital Assets, not being depreciated:				
Land	\$56,352	\$590,073		\$646,425
Capital Assets, being depreciated:				
Building	2,159			2,159
Infrastructure	29,071			29,071
Total Capital Assets, being depreciated	<u>31,230</u>			<u>31,230</u>
Less: Accumulated Depreciation:				
Building	(1,511)	(54)		(1,565)
Infrastructure	(21,421)	(765)		(22,186)
Total Accumulated Depreciation	<u>(22,932)</u>	<u>(819)</u>		<u>(23,751)</u>
Total Capital Assets, being depreciated, net	<u>8,298</u>	<u>(819)</u>		<u>7,479</u>
Capital Assets	<u>\$64,650</u>	<u>\$589,254</u>		<u>\$653,904</u>

4. RISK MANAGEMENT

The Authority has obtained commercial insurance for the risk of public employee dishonesty. Van Wert County maintains an umbrella liability insurance policy that covers any property that has been transferred by the County to the Authority for economic development purposes.

5. CONTINGENCY

Railroad property was transferred to the Allen County and Van Wert Port Authorities, and a security deposit was made in the amount of \$380,000 and given proportionately to each Port Authority according to their share in the railroad.

The security deposit was to guarantee the performance duties of the Allen-Van Wert Railroad Company ("Railroad"). The security deposit or a portion thereof shall be returned to the "Railroad" only under the following conditions:

- 1.) Upon termination of the agreement with the Port Authorities; and
- 2.) If the railroad property is removed or sold then the "Railroad" which has rights to the railroad operation will receive 10 percent from the net proceeds of the sale of the railroad not to exceed the \$380,000.

The Van Wert Port Authority's share of the security deposit under the agreement was 56 percent or \$212,800.

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

6. GRANT AWARDS

In January 2011, the Authority was awarded a \$500,000 grant from the Ohio Rail Development Commission. The \$500,000 grant is to rehabilitate a 4,200' branchline currently leased and operated by the Chicago, Ft. Wayne, & Eastern Railroad (CFER) that currently is used to serve a grain elevator, Scott Equity. In order for it to be certified as a Job Ready Site, the rail track must meet FRA Class II standards and handle 286,000 pound cars. The ORDC funds come from the proceeds of the salvaging of approximately 11 miles of the SPEG line between Elgin and Glenmore in Van Wert County. This reimbursable grant project is anticipated to be completed by December 31, 2014.

7. EASEMENT AGREEMENT

On January 18, 2012, the Port Authority signed an easement agreement with BP Wind Energy of North America, Inc. Under the terms of the agreement, the Port Authority granted a transmission easement in exchange for annual preconstruction payments of \$11,000 and a post-construction payment of \$88,387. The Port Authority has received the preconstruction payments as of December 31, 2013.

8. CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement Number 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The statement was issued to amend the previously issued statements to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012, and have been implemented by the Port Authority.

GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement are effective for financial statement beginning after December 15, 2012, and have been implemented by the Port Authority.

GASB Statement Number 66, *Technical Corrections-2012-an Amendment of GASB Statements No. 10 and No. 62*. The Statement was issued to improve accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two previous pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012, and have been implemented by the Port Authority.

The implementation of these Statements did not have an effect on the financial statements of the Authority.

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Dave Yost • Auditor of State

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

Port Authority
Van Wert County
114 East Main Street
Van Wert, Ohio 45891

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Port Authority, Van Wert County, Ohio (the Authority) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 2, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

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.ohioauditor.gov

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

July 2, 2014



Dave Yost • Auditor of State

PORT AUTHORITY

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 5, 2014**