



Dave Yost • Auditor of State



**BELMONT COUNTY PORT AUTHORITY  
BELMONT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Belmont County Port Authority  
Belmont County  
101 North Market Street – Suite J  
St. Clairsville, Ohio 43950

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Belmont County Port Authority, Belmont County, Ohio (the Port 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 Port 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 the cash accounting basis Note 1 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 Port 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 Port 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 the overall financial statement presentation.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Belmont County Port Authority, Belmont County, Ohio, as of December 31, 2013 and 2012, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 1.

***Accounting Basis***

We draw attention to Note 1 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplemental and Other Information*

We audited to opine on the Port Authority's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, 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. 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 Port Authority's internal control over financial reporting and compliance.

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

Columbus, Ohio

June 26, 2014

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Belmont County Port Authority  
Management's Discussion and Analysis  
For the Years Ended December 31, 2013 and 2012  
Unaudited

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This discussion and analysis of the Port Authority's financial performance provides an overall review of the Port Authority's financial activities for the years ended December 31, 2013 and 2012, within the limitations of the Port Authority's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Port Authority's financial performance.

### **Highlights**

Key highlights for 2013 and 2012 are as follows:

Net position of governmental activities increased \$40,765, or 11 percent in 2013, a significant change from the prior year. The increase was due to more money being received for the Eastern Ohio Regional Industrial Park pipeline project and the project not yet being completed.

Net position of governmental activities increased \$137,995, or 61 percent in 2012, a significant change from the prior year. The increase was due to an oil and gas expo held by the Port Authority which generated \$82,750.

The Port Authority's general receipts are primarily contributions from Belmont County in 2013 and Sale of Property in 2012. These receipts represent respectively 76 and 61 percent of the total general receipts received for governmental activities during the year.

In 2012, the Port Authority began a construction project for a water line to the Eastern Ohio Regional Industrial Park. They received \$750,000 from the Ohio Department of Development to help pay for the project. There was an approved water line extension in 2013 for which the Village of Barnesville will contribute the funds.

In July 2012, the Port Authority signed a loan agreement with United Bank for a total of \$325,000 for the purchase of the Bellaire Armory building.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Port Authority's cash basis of accounting.

#### **Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the Port Authority as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Port Authority as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Port Authority has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Port Authority's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

### **Reporting the Port Authority as a Whole**

The statement of net position and the statement of activities reflect how the Port Authority did financially during 2013 and 2012, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Port Authority at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Port Authority's general receipts.

These statements report the Port Authority's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Port Authority's financial health. Over time, increases or decreases in the Port Authority's cash position is one indicator of whether the Port Authority's financial health is improving or deteriorating. When evaluating the Port Authority's financial condition, you should also consider other nonfinancial factors as well such as Belmont County's contributions, the extent of the Port Authority's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as operating and capital grants.

In the statement of net position and the statement of activities, the Port Authority reports only one type of activity:

Governmental activities – All of the Port Authority's basic services are reported here. State and federal grants and contributions from Belmont County finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

### **Reporting the Port Authority's Most Significant Funds**

Fund financial statements provide detailed information about the Port Authority's major funds – not the Port Authority as a whole. The Port Authority establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Port Authority are governmental.

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Governmental Funds - All of the Port Authority's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Port Authority's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Port Authority's programs. The Port Authority's significant governmental funds are presented on the financial statements in separate columns. The Port Authority's major governmental funds are the General Fund and the Eastern Ohio Regional Industrial Park Grant Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Port Authority as a Whole**

Table 1 provides a summary of the Port Authority's net position for 2013 compared to 2012 and 2011 on a cash basis:

(Table 1)  
**Net Position**

	Governmental Activities		
	2013	2012	2011
<b>Assets</b>			
Cash and Cash Equivalents	\$405,143	\$364,378	\$226,383
Total Assets	\$405,143	\$364,378	\$226,383
<b>Net Position</b>			
Restricted for:			
Capital Projects	\$331,878	\$265,867	\$211,900
Unassigned	73,265	98,511	14,483
Total Net Position	\$405,143	\$364,378	\$226,383

As mentioned previously, Net position of governmental activities increased \$40,765, or 11 percent in 2013, a significant change from the prior year. The increase was due to more money being received for the Eastern Ohio Regional Industrial Park pipeline project and the project not yet being completed.

Net position of governmental activities increased \$137,995, or 60 percent in 2012, a significant change from the prior year. The increase was due to an oil and gas expo held by the Port Authority which generated \$82,750.

Table 2 reflects the changes in net position on a cash basis in 2013 and 2012 and 2011 for governmental activities.

Belmont County Port Authority  
Management's Discussion and Analysis  
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(Table 2)  
**Changes in Net Position**

	Governmental Activities		
	2013	2012	2011
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$39,151	\$98,377	
Capital Grants and Contributions	1,543,750	131,250	
Total Program Receipts	<u>1,582,901</u>	<u>229,627</u>	<u>0</u>
General Receipts:			
Contributions from Belmont County	95,000	115,000	98,000
Loan Proceeds		809,876	
Other Debt Proceeds			20,500
Sale of Property	20,000	1,459,435	
Miscellaneous	10,877	232	3,405
Total General Receipts	<u>125,877</u>	<u>2,384,543</u>	<u>121,905</u>
Total Receipts	<u>1,708,778</u>	<u>2,614,170</u>	<u>121,905</u>
Disbursements:			
Economic Development	1,145,658	2,385,422	155,954
Principal Retirement	511,030	83,414	
Interest and Fiscal Charges	11,325	7,339	
Total Disbursements	<u>1,668,013</u>	<u>2,476,175</u>	<u>155,954</u>
Increase (Decrease) in Net Position	40,765	137,995	(34,049)
Net Position, January 1	<u>364,378</u>	<u>226,383</u>	<u>260,432</u>
Net Position, December 31	<u>\$405,143</u>	<u>\$364,378</u>	<u>\$226,383</u>

Program receipts represent 93 percent in 2013 and 9 percent in 2012 of total receipts and are primarily comprised of restricted intergovernmental receipts such as grants.

General receipts represent 7 percent in 2013 and 91 percent in 2012 of the Port Authority's total receipts.

Disbursements for Economic Development decreased in 2013 and increased in 2012 due to most of the construction for the Eastern Ohio Regional Industrial Park construction project being done in 2013 and large property purchases and sales in 2012.

**Governmental Activities**

If you look at the Statement of Activities on pages 12 and 17, you will see that the first column lists the major services provided by the Port Authority. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Port Authority that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service.

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This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012	2011	2011
Economic Development	1,145,658	(437,243)	2,385,422	2,155,795	155,954	155,954
Principal Retirement	511,030	511,030	83,414	83,414		
Interest and Fiscal Charges	11,325	11,325	7,339	7,339		
<b>Total Expenses</b>	<b>\$1,668,013</b>	<b>\$85,112</b>	<b>\$2,476,175</b>	<b>\$2,246,548</b>	<b>\$155,954</b>	<b>\$155,954</b>

The dependence upon Program Revenue is apparent as 95 percent of governmental activities are supported through Program Revenue in 2013.

The dependence upon General Revenue is apparent as 91 percent of governmental activities are supported through General Revenue in 2012.

**The Port Authority's Funds**

During 2013, the General Fund had receipts of \$165,028 and disbursements of \$190,274. The Eastern Ohio Regional Industrial Park Grant Fund had receipts of \$1,543,750 and disbursements of \$1,477,739.

During 2012, the General Fund had receipts of \$2,057,920 and disbursements of \$1,973,892. The Eastern Ohio Regional Industrial Park Grant Fund had receipts of \$556,250 and disbursements of \$502,283.

**General Fund Budgeting Highlights**

The Port Authority's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2013 and 2012, the Port Authority amended its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$283,183 while actual disbursements were \$190,274 for 2013. Final disbursements were budgeted at \$1,757,064 while actual disbursements were \$1,973,892 for 2012. Expenditures exceeded appropriations due to an audit adjustment.

**Capital Assets and Debt Administration**

**Capital Assets**

The Port Authority does not report capital assets and infrastructure under the cash basis of accounting.

Belmont County Port Authority  
Management's Discussion and Analysis  
For the Years Ended December 31, 2013 and 2012  
Unaudited

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Debt

At December 31, 2013, the Port Authority has outstanding debt of \$207,133.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Port Authority's finances and to reflect the Port Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Larry Merry, Executive Director, Belmont County Port Authority, 101 North Market Street – Suite J, St. Clairsville, Ohio 43950.

**Belmont County Port Authority**  
*Statement of Net Position - Cash Basis*  
*December 31, 2013*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$405,143
<i>Total Assets</i>	405,143
 <b>Net Position</b>	
Restricted for:	
Capital Projects	\$331,878
Unrestricted	73,265
<i>Total Net Position</i>	\$405,143

See accompanying notes to the basic financial statements

**Belmont County Port Authority**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2013

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Economic Development	\$1,145,658	\$39,151	\$1,543,750	\$437,243
Debt Service:				
Principal Retirement	511,030			(511,030)
Interest and Fiscal Charges	11,325			(11,325)
<i>Total Governmental Activities</i>	<u>\$1,668,013</u>	<u>\$39,151</u>	<u>\$1,543,750</u>	<u>(85,112)</u>
		General Receipts:		
		Contributions from Belmont County		95,000
		Sale of Property		20,000
		Miscellaneous		10,877
		<i>Total General Receipts</i>		<u>125,877</u>
		Change in Net Position		40,765
		<i>Net Position Beginning of Year</i>		<u>364,378</u>
		<i>Net Position End of Year</i>		<u>\$405,143</u>

See accompanying notes to the basic financial statements



**Belmont County Port Authority**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2013*

	General	EORIP Grant Fund	629 Grant Fund	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$73,265	\$331,447	\$431	\$405,143
<i>Total Assets</i>	<u>\$73,265</u>	<u>\$331,447</u>	<u>\$431</u>	<u>\$405,143</u>
<b>Fund Balances</b>				
Restricted		\$331,447	\$431	\$331,878
Assigned	\$1,879			1,879
Unassigned (Deficit)	71,386			71,386
<i>Total Fund Balances</i>	<u>\$73,265</u>	<u>\$331,447</u>	<u>\$431</u>	<u>\$405,143</u>

See accompanying notes to the basic financial statements

**Belmont County Port Authority**  
*Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2013*

	General	EORIP Grant Fund	629 Grant Fund	Total Governmental Funds
<b>Receipts</b>				
Belmont County Contributions	\$95,000			\$95,000
Charges for Services	12,257			12,257
Intergovernmental		\$1,543,750		1,543,750
Rent	26,894			26,894
Miscellaneous	10,877			10,877
<i>Total Receipts</i>	<u>145,028</u>	<u>1,543,750</u>	<u>\$0</u>	<u>1,688,778</u>
<b>Disbursements</b>				
Current:				
Economic Development	167,919	977,739		1,145,658
Debt Service:				
Principal Retirement	11,030	500,000		511,030
Interest and Fiscal Charges	11,325			11,325
<i>Total Disbursements</i>	<u>190,274</u>	<u>1,477,739</u>	<u>0</u>	<u>1,668,013</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(45,246)</u>	<u>66,011</u>	<u>0</u>	<u>20,765</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Property	20,000			20,000
<i>Total Other Financing Sources (Uses)</i>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>20,000</u>
<i>Net Change in Fund Balances</i>	(25,246)	66,011	0	40,765
<i>Fund Balances Beginning of Year</i>	<u>98,511</u>	<u>265,436</u>	<u>431</u>	<u>364,378</u>
<i>Fund Balances End of Year</i>	<u><u>\$73,265</u></u>	<u><u>\$331,447</u></u>	<u><u>\$431</u></u>	<u><u>\$405,143</u></u>

See accompanying notes to the basic financial statements

**Belmont County Port Authority**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual - Budget Basis  
 General Fund  
 For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Belmont County Contributions	\$23,750	\$95,000	\$95,000	\$0
Charges for Services		11,215	12,257	1,042
Rent		30,019	26,894	(3,125)
Miscellaneous		10,000	10,877	877
<i>Total Receipts</i>	23,750	146,234	145,028	(1,206)
<b>Disbursements</b>				
Current:				
Economic Development	126,949	248,164	167,919	80,245
Debt Service:				
Principal Retirement		35,019	11,030	23,989
Interest and Fiscal Charges			11,325	(11,325)
<i>Total Disbursements</i>	126,949	283,183	190,274	92,909
<i>Excess of Receipts Over (Under) Disbursements</i>	(103,199)	(136,949)	(45,246)	91,703
<b>Other Financing Sources (Uses)</b>				
Sale of Property		20,000	20,000	0
<i>Total Other Financing Sources (Uses)</i>	0	20,000	20,000	0
<i>Net Change in Fund Balance</i>	(103,199)	(116,949)	(25,246)	91,703
<i>Unencumbered Fund Balance Beginning of Year</i>	98,511	98,511	98,511	0
<i>Unencumbered Fund Balance End of Year</i>	(\$4,688)	(\$18,438)	\$73,265	\$91,703

See accompanying notes to the basic financial statements

**Belmont County Port Authority**  
*Statement of Net Position - Cash Basis*  
*December 31, 2012*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$364,378</u>
<i>Total Assets</i>	<u><u>364,378</u></u>
<b>Net Position</b>	
Restricted for:	
Capital Projects	\$265,867
Unrestricted	<u>98,511</u>
<i>Total Net Position</i>	<u><u>\$364,378</u></u>

See accompanying notes to the basic financial statements

**Belmont County Port Authority**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2012*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Economic Development	\$2,385,422	\$98,377	\$131,250	(\$2,155,795)
Debt Service:				
Principal Retirement	83,414			(83,414)
Interest and Fiscal Charges	7,339			(7,339)
<i>Total Governmental Activities</i>	<u>\$2,476,175</u>	<u>\$98,377</u>	<u>\$131,250</u>	<u>(2,246,548)</u>
		General Receipts:		
		Contributions from Belmont County		115,000
		Loan Proceeds		809,876
		Sale of Property		1,459,435
		Miscellaneous		232
		<i>Total General Receipts</i>		<u>2,384,543</u>
		Change in Net Position		137,995
		<i>Net Position Beginning of Year</i>		<u>226,383</u>
		<i>Net Position End of Year</i>		<u>\$364,378</u>

See accompanying notes to the basic financial statements

**Belmont County Port Authority**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2012*

	General	EORIP Grant Fund	629 Grant Fund	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$98,511	\$265,436	\$431	\$364,378
<i>Total Assets</i>	<u>\$98,511</u>	<u>\$265,436</u>	<u>\$431</u>	<u>\$364,378</u>
<b>Fund Balances</b>				
Restricted		\$265,436	\$431	\$265,867
Assigned	\$51,562			51,562
Unassigned (Deficit)	46,949			46,949
<i>Total Fund Balances</i>	<u>\$98,511</u>	<u>\$265,436</u>	<u>\$431</u>	<u>\$364,378</u>

See accompanying notes to the basic financial statements

**Belmont County Port Authority**  
*Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2012*

	General	EORIP Grant Fund	629 Grant Fund	Total Governmental Funds
<b>Receipts</b>				
Belmont County Contributions	\$115,000			\$115,000
Charges for Services	82,750			82,750
Intergovernmental	75,000	\$56,250		131,250
Rent	15,627			15,627
Miscellaneous	232			232
<i>Total Receipts</i>	<u>288,609</u>	<u>56,250</u>	<u>\$0</u>	<u>344,859</u>
<b>Disbursements</b>				
Current:				
Economic Development	1,883,139	502,283		2,385,422
Debt Service:				
Principal Retirement	83,414			83,414
Interest and Fiscal Charges	7,339			7,339
<i>Total Disbursements</i>	<u>1,973,892</u>	<u>502,283</u>	<u>0</u>	<u>2,476,175</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,685,283)</u>	<u>(446,033)</u>	<u>0</u>	<u>(2,131,316)</u>
<b>Other Financing Sources (Uses)</b>				
Loan Proceeds	309,876	500,000		809,876
Sale of Property	1,459,435			1,459,435
<i>Total Other Financing Sources (Uses)</i>	<u>1,769,311</u>	<u>500,000</u>	<u>0</u>	<u>2,269,311</u>
<i>Net Change in Fund Balances</i>	84,028	53,967	0	137,995
<i>Fund Balances Beginning of Year</i>	<u>14,483</u>	<u>211,469</u>	<u>431</u>	<u>226,383</u>
<i>Fund Balances End of Year</i>	<u><u>\$98,511</u></u>	<u><u>\$265,436</u></u>	<u><u>\$431</u></u>	<u><u>\$364,378</u></u>

See accompanying notes to the basic financial statements

**Belmont County Port Authority**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual - Budget Basis  
 General Fund  
 For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Belmont County Contributions	\$23,750	\$115,000	\$115,000	\$0
Charges for Services		82,750	82,750	0
Intergovernmental		131,250	75,000	(56,250)
Rent		20,878	15,627	(5,251)
Miscellaneous		0	232	232
<i>Total Receipts</i>	<u>23,750</u>	<u>349,878</u>	<u>288,609</u>	<u>(61,269)</u>
<b>Disbursements</b>				
Current:				
Economic Development	14,000	1,661,186	1,883,139	(221,953)
Debt Service:				
Principal Retirement		95,878	83,414	12,464
Interest and Fiscal Charges			7,339	(7,339)
<i>Total Disbursements</i>	<u>14,000</u>	<u>1,757,064</u>	<u>1,973,892</u>	<u>(216,828)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,750</u>	<u>(1,407,186)</u>	<u>(1,685,283)</u>	<u>(278,097)</u>
<b>Other Financing Sources (Uses)</b>				
Loan Proceeds			309,876	309,876
Sale of Property		1,459,435	1,459,435	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>1,459,435</u>	<u>1,769,311</u>	<u>309,876</u>
<i>Net Change in Fund Balance</i>	9,750	52,249	84,028	31,779
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>14,483</u>	<u>14,483</u>	<u>14,483</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$24,233</u>	<u>\$66,732</u>	<u>\$98,511</u>	<u>\$31,779</u>

See accompanying notes to the basic financial statements



**NOTE 1 – REPORTING ENTITY**

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

The Port Authority Board elects a chairperson, vice-chairperson, secretary and treasurer. The chairperson will preside over all meetings and will appoint committee members from the Port Authority Board as deemed necessary. The Port Authority Board may employ a director and other staff he deems necessary. The Port Authority was created to promote economic growth and development in the County.

The Port Authority is a discretely presented component unit in Belmont County's December 31, 2013 and 2012 Comprehensive Annual Financial Reports, as defined by the provisions of GASB Statement Nos. 14 and No. 39. Also, Belmont County serves as the fiscal agent for the Port Authority. The Port Authority's management believes these financial statements represent all activities for which the Port Authority is financially accountable.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Port Authority's accounting policies.

**A. Basis of Presentation**

The Port Authority's basic financial statements consist of government-wide financial statements, including a statement of position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The Statement of Net Position presents the financial condition of the governmental activities of the Port Authority at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Port Authority's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

Program revenues include charges for services and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Port Authority, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Port Authority.

Fund Financial Statements

During the year, the Port Authority segregates transactions related to certain Port Authority functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Port Authority at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Port Authority uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Port Authority are governmental.

General Fund - This fund receives contributions from the primary government, Belmont County, for the general operations of the Port Authority. The General Fund balance is available to the Port Authority for any purpose provided it is expended or transferred according to the general laws of Ohio.

Eastern Ohio Regional Industrial Park Waterline Grant Fund – This capital projects fund received contributions from Belmont County to be used as matching funds for a grant to be used for waterline installation to and within the East Ohio Regional Industrial Park.

629 Roadwork Development Grant Fund – This capital projects fund accounted for the receipts and expenditures of a grant from the Ohio Department of Development for the construction of a road within the East Ohio Regional Industrial Park. It now only carries a balance of funds remaining after completion of the project.

C. Basis of Accounting

The Port Authority's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Port Authority's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Port Authority are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Port Authority may appropriate.

The appropriations resolution is the Port Authority's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Port Authority. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Port Authority Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Port Authority.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Port Authority during the year.

E. Cash

The Belmont County Treasurer is custodian for the Port Authority's cash. The Port Authority's cash is held in the County's cash and investment pool, and is valued at the County Treasurer's carrying amount. Deposits and investment disclosures for the County as a whole may be obtained from the County.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Port Authority reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Port Authority reports advances-in and advances-out for interfund loans. There were no advances during 2013 or 2012.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

J. Accumulated Leave

Upon leaving employment, employees are not entitled to cash payments for unused sick leave. Employees may be entitled to cash payments for unused vacation hours. Accumulated vacation hours are small and deemed insignificant. Unpaid vacation hours are not reflected as a liability under the Port Authority's cash basis of accounting.

K. Long-Term Obligations

The Port Authority's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for capital projects for waterline construction. The Port Authority's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Port Authority is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Port Authority. Those committed amounts cannot be used for any other purpose unless the Port Authority removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Port Authority, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

M. Fund Balance (Continued)

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Port Authority for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Port Authority.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Port Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**NOTE 4 - COMPLIANCE**

Contrary to Ohio law, the Port Authority's appropriations exceeded estimated resources in the General Fund by \$23,750 for the year ended December 31, 2013 and in the Eastern Ohio Regional Industrial Park Grant Fund by \$56,250 for the year ended December 31, 2012.

**NOTE 5 – EQUITY IN POOLED CASH**

The Belmont County Auditor serves as fiscal agent of the Port Authority. The Ohio Revised Code prescribes allowable deposits and investments for both the Port Authority and the County. At December 31, 2013 and 2012, the Port Authority had cash with a carrying amount of \$405,143 and \$364,378, respectively, which are included in and collateralized with Belmont County's cash management pool.

**NOTE 6 – DEFINED BENEFIT PENSION PLAN**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**NOTE 6 – DEFINED BENEFIT PENSION PLAN** (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in state and local employer units. For the year ended December 31, 2013, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2013, member and employer contribution rates were consistent across all three plans.

The Port Authority's 2013 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4 percent for 2012 (the latest information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2013. Employer contribution rates are actuarially determined.

The Port Authority's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$9,100, \$9,363, and \$10,150, respectively; 92 percent has been contributed for 2013 and 100 percent for 2012 and 2011.

**NOTE 7 – POSTEMPLOYMENT BENEFITS**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opeers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion

**NOTE 7 – POSTEMPLOYMENT BENEFITS** (continued)

of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2012 (the latest information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012 (the latest information available).

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

The Port Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013 and 2012 (the latest information available) were \$91 and \$375, respectively; 92 percent has been contributed for 2013 and 100 percent for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**NOTE 8 – CONTINGENCIES**

Grants

Amounts grantor agencies pay to the Board are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**NOTE 9 – RELATED PARTY TRANSACTION**

The Port Authority received operating subsidies of \$95,000 from the Belmont County Commissioners in 2013 and \$115,000 in 2012.

**NOTE 10 – LOANS**

The Port Authority Board of Directors authorized borrowing \$325,000 to purchase the Armory building in Bellaire in July 2012. The loan term is 15 years and the interest rate is 5.25%. During 2012, the Port Authority received several advances of funding to pay expenses related to the purchase and renovation of the Armory building. In December 2012, the Port Authority made a \$75,000 payment towards the principal of the loan from grant funding received from the Ohio Department of Development. The outstanding balance of the loan at December 31, 2013 is \$207,133.

Belmont County Port Authority  
Notes to the Financial Statements  
For the Years Ended December 31, 2013 and 2012

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**NOTE 10 – LOANS (Continued)**

Principal and interest requirements to retire the 2012 note outstanding at December 31, 2013 are as follows:

Year ending December 31:	Armory Building Note	
	Principal	Interest
2014	\$10,870	\$10,653
2015	11,455	10,068
2016	12,071	9,453
2017	12,721	8,803
2018	13,405	8,119
2019-2023	78,645	28,972
2024-2027	67,966	6,536
Total	<u>\$207,133</u>	<u>\$82,604</u>





# 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

Belmont County Port Authority  
Belmont County  
101 North Market Street – Suite J  
St. Clairsville, Ohio 43950

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 Belmont County Port Authority, Belmont County, Ohio (the Port 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 Port Authority's basic financial statements and have issued our report thereon dated June 26, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Port 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 Port Authority's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider material weakness.

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 a 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 Port Authority's financial statements. We consider finding 2013-002 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a significant deficiency.

***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, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001 and 2013-002.

***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 Port Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Port 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, flowing style.

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 26, 2014

**BELMONT COUNTY PORT AUTHORITY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-001**

**Noncompliance and Significant Deficiency**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the County can authorize the drawing of a warrant for the payment of the amount due. The County has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

2. Blanket Certificate – Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Fiscal Officer may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Director did not properly certify the availability of funds prior to purchase commitment for 71% of 2013 and 86% of 2012 expenditures tested. There was no evidence that the Port Authority followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**BELMONT COUNTY PORT AUTHORITY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2013-001 (Continued)**

**Noncompliance and Significant Deficiency – Ohio Rev. Code § 5705.41(D)(1) (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Port Authority's funds exceeding budgetary spending limitations, we recommend that the Director certify that the funds are or will be available prior to obligation by the Port Authority. When prior certification is not possible, "then and now" certification should be used.

**FINDING NUMBER 2013-002**

**Noncompliance and Material Weakness**

Ohio Admin. Code § 117-2-02 (A) requires all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if general accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Port Authority obtained a promissory note from a bank to purchase the Armory Building in Bellaire. They received \$304,625 from the loan and did not record the proceeds on their accounting records or financial statements in the General Fund for 2012.

The Port Authority posted \$56,250 in Intergovernmental Receipts to the General Fund instead of the East Ohio Regional Industrial Park Grant Fund in 2012.

The Port Authority received \$200,000 from the Village of Barnesville in 2013 as a contribution to the waterline extension project. The amount was posted to Loan Proceeds instead of Intergovernmental Revenue.

The Village of Barnesville repurposed the original \$500,000 loan made in 2012 for the waterline project as a contribution to the waterline extension in 2013. The Port Authority did not record this debt repayment and contribution.

The Port Authority made the necessary adjustments to the accounting records and financial statements to reflect the above adjustments and reclassifications.

We recommend the Port Authority record all financial transactions as they relate to the Port Authority to their ledgers and financial statements.

**Officials' Response:** Management decline to response to either of the aforementioned Findings.

**BELMONT COUNTY PORT AUTHORITY  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2011-001	Ohio Admin. Code §117-2-02 (A) – not posting debt proceeds	No	Not Corrected. Reissued in the Schedule of Findings as item 2013-002.

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# Dave Yost • Auditor of State

**PORT AUTHORITY**

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 15, 2014**