



Dave Yost • Auditor of State

**ASHTABULA COUNTY PORT AUTHORITY
ASHTABULA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ashtabula County Port Authority
Ashtabula County
25 West Jefferson Street
Jefferson, Ohio 44047

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Ashtabula County Port Authority, Ashtabula County, Ohio, a component unit of Ashtabula County (the Port Authority), as of and for the year ended December 31, 2014, 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 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 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 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 Ashtabula County Port Authority, Ashtabula County as of December 31, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2014, the Port Authority adopted the provisions of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis - for State and Local Governments*. The Authority reported on a cash basis in prior years, the change in accounting principle required a restatement of the beginning fund balance, as discussed in Note 3. We did not modify our opinion regarding this matter.

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.

Supplementary and Other Information

Our audit was conducted to opine on the Port Authority's basic financial statements taken as a whole.

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2015, 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

July 17, 2015

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Ashtabula County Port Authority
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2014

Unaudited

The discussion and analysis of the Ashtabula County Port Authority's (the "Authority") financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the Authority's 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

Key financial highlights for 2014 are as follows:

- The Authority's net position increased by \$2,709,054, from \$2,219,741 to \$4,928,795.
- During 2014, the Authority had overall operating income of \$2,773,980.
- The Authority was able to make its annual principal and interest payments on its outstanding Ohio Water Development Authority loan in the amount of \$136,396 and \$67,971, respectively.
- During 2014 Authority continued renovation and construction on its Plant C project. \$3,021,403 of work has been completed to date and another \$323,830 is expected to be spent wrapping up the project in 2015. The project includes replacing 100 linear feet of pipeline within the plant, replacing four water pumps and providing new electrical switch gear and feeder lines to the plant.

Using this Annual Financial Report

This report consists of a series of financial statements. The *Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position* provide information about the activities of the Authority and present a longer-term view of the Authority's finances.

A question typically asked about the Authority's finances "How did we do financially during 2014?" The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position report information about the Authority and its activities in a way that helps answer this question. These statements include *all assets, deferred outflows of resources, liabilities and deferred inflows of resources* using the *accrual basis of accounting* which is similar to the accounting used by most private-sector companies. The Authority charges a fee to customers to help it cover part of the services it provides. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's *net position and changes in that net position*. This change in net position is important because it tells the reader that, for the Authority as a whole, the *financial position* of the Authority has improved or diminished. The reader will need to consider other non-financial factors (e.g. changes in the condition of capital assets, FAA regulations, weather, etc.) in order to assess the overall health of the Authority.

Ashtabula County Port Authority
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2014

Unaudited

The Authority as a Whole

Recall that the Statement of Net Position provides the perspective of the Authority as a whole.

Table 1 provides a summary of the Authority's net position for 2014, compared to 2013:

(Table 1)
Net Position

	Business-Type Activities		
	2014	2013	Change
Assets			
Current and Restricted Assets	\$2,949,950	\$1,794,585	\$1,155,365
Capital Assets, Net of Depreciation	4,499,041	1,541,437	2,957,604
Total Assets	7,448,991	3,336,022	4,112,969
Liabilities			
Long-Term Liabilities	1,969,324	945,306	(1,024,018)
Other Liabilities	550,872	170,975	(379,897)
Total Liabilities	2,520,196	1,116,281	(1,403,915)
Net Position			
Net Investment in Capital Assets	2,812,163	542,787	2,269,376
Restricted	69,076	4,874	64,202
Unrestricted	2,047,556	1,672,080	375,476
Total Net Position	\$4,928,795	\$2,219,741	\$2,709,054

Total assets increased \$4,112,969 during 2014. The majority of this increase was the result of an overall increase in capital assets as the Authority continued construction on the Plant C revitalization project. Current assets increased due to increases in loans, accounts receivable and cash on hand.

Total liabilities increased by \$1,403,915 during 2014. Long-term liabilities increased due to the Authority increasing and finalizing an Ohio Water development Loan by \$1,164,537. Other liabilities increased due to increases in contracts payable and liabilities related to the Plant C project.

In total, net position of the Authority increased by \$2,709,054 which can be attributed mostly to the aforementioned increase in assets related to Plant C.

Ashtabula County Port Authority
Ashtabula County, Ohio

*Management's Discussion and Analysis
For the Year Ended December 31, 2014*

Unaudited

Table 2 shows the revenues, expenses and the changes in net position for the year ended December 31, 2014 compared to the year ended December 31, 2013.

(Table 2)
Changes in Net Position

	Business-Type Activities		
	2014	2013	Change
<i>Operating Revenues</i>			
Operating Grants	\$1,471,974	\$0	\$1,471,974
Praxair/Ashco Debt Reduction	1,032,684	342,326	690,358
Lease & Program Income	10,990	19,744	(8,754)
Contributions and Donations	60,000	60,000	0
Charges for Services & Rentals	1,382,111	1,343,855	38,256
<i>Total Operating Revenues</i>	3,957,759	1,765,925	2,191,834
<i>Operating Expenses</i>			
Plant C Operating Expenses	1,035,081	1,115,690	80,609
Personal Services	86,484	81,217	(5,267)
Contractual Services	20,273	22,121	1,848
Overhead, Rent & Utilities	21,657	10,339	(11,318)
EDPC Program Expenses	4,219	24,620	20,401
Other Operating Expenses	3,818	2,337	(1,481)
Depreciation	12,247	22,283	10,036
<i>Total Operating Expenses</i>	1,183,779	1,278,607	94,828
Operating Income/(Loss)	2,773,980	487,318	2,286,662
<i>Non-Operating Revenues (Expenses)</i>			
Other Non-Operating Revenues	2,860	375,573	(372,713)
Other Non-Operating Expenses	0	(75,263)	75,263
Interest Income	185	131	54
Interest and Fiscal Charges	(67,971)	(67,987)	16
<i>Total Non-Operating Revenues (Expenses):</i>	(64,926)	232,454	(297,380)
Change in Net Position	2,709,054	719,772	1,989,282
Net Position Beginning of Year	2,219,741	1,499,969	719,772
Net Position End of Year	\$4,928,795	\$2,219,741	\$2,709,054

Operating revenues increased by \$2,191,834 due primarily to an increase in operating grants received from the previous year. Operating expenses decreased by \$94,828 from the prior year due to increases in plant C operating expenses. The Authority's total net position increased \$2,709,054 from the prior year.

Capital Assets

The largest portion of the Authority's net position is its net investment in capital assets. The Authority uses these capital assets to provide services to the businesses and public using the Authority. Table 3 shows 2014 balances compared with 2013.

Ashtabula County Port Authority
Ashtabula County, Ohio

*Management's Discussion and Analysis
For the Year Ended December 31, 2014*

Unaudited

(Table 3)
Capital Assets at December 31 (Net of Depreciation)

	Business-Type Activities		
	(Restated)		
	2014	2013	Change
Land	\$974,000	\$974,000	\$0
Construction in Progress	3,021,403	52,167	2,969,236
Plant C	503,146	515,270	(12,124)
Furniture, Equipment and Vehicles	492	0	492
Totals	\$ 4,499,041	\$ 1,541,437	\$ 2,957,604

The \$2,957,604 increase in capital assets was due to current year construction in progress on Plant C exceeding current year depreciation of \$12,247. Note 10 of the basic financial statements provides a more detailed look at the capital asset activity during 2014.

Debt

The Authority's outstanding long-term obligations are included in the following table:

(Table 4)
Outstanding Debt, at December 31

	Amount	Amount	Increase (Decrease)
	Outstanding 12/31/2014	Outstanding 12/31/2013	
Long-Term Obligations:			
OWDA Loan	\$2,096,481	\$1,068,340	\$1,028,141
Accrued Mineral Rights	13,362	13,362	0
Total Long-Term Obligations	\$ 2,109,843	\$ 1,081,702	\$ 1,028,141

In 2013, the Authority finalized a loan agreement with the Ohio Water Development Authority in the amount of \$3,026,987 in order to help pay its cost associated with the revitalization and improvements of Plant C. The loan will mature in 2027 and has an interest rate of 3.0 percent.

Additional information concerning the Authority's long-term obligations can be found in Note 6 to the basic financial statements.

Ashtabula County Port Authority
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2014

Unaudited

Factors Expected to Impact the Authority's Future Financial Position or Results of Operations

Plant C - During 2014, the Authority made significant progress towards the \$4 million renovation project at Plant C. This is a two year project that is expected to be completed in 2015. The Authority is currently in negotiations with new users for the raw water distribution system.

Other – The Authority was awarded a \$600,000 Environmental Protection Agency Brownfield grant for assessment and cleanup activities on Authority properties. No grant monies were spent or received in 2014 but this project is expected to begin in 2015.

Contacting the Authority's Finance Department

This financial report is designed to provide our citizens, taxpayers, Authority users, and all interested parties with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Sean Ratican, Executive Director of the Ashtabula County Port Authority, 91 North Chestnut Street, Jefferson, Ohio 44047.

Ashtabula County Port Authority
Statement of Net Position
December 31, 2014

	Port Authority
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 905,735
Accounts Receivable	246,145
Intergovernmental Receivable	60,000
Loan Receivable - Pairings Ohio	100,000
Loan Receivable - Growth Partnership	148,750
OWDA Proceeds Receivable	409,603
Prepaid Items	6,574
<i>Total Current Assets</i>	1,876,807
<i>Noncurrent Assets:</i>	
Land	974,000
Plant C	503,146
Furniture, Fixtures & Equipment	492
Construction in Progress	3,021,403
<i>Total Noncurrent Assets</i>	4,499,041
<i>Restricted and Other Assets:</i>	
<i>Cash and Cash Equivalents:</i>	
Restricted for OWDA Loan Payments	1,004,067
Restricted for Economic Loans	68,421
Restricted for Economic Development Planning Committee	655
<i>Total Restricted and Other Assets</i>	1,073,143
<i>Total Assets</i>	7,448,991
Liabilities:	
<i>Current Liabilities:</i>	
Accounts Payable	11,677
Contracts Payable	395,562
Accrued Wages & Benefits	935
Intergovernmental Payable	2,179
OWDA Loans Payable - Current	140,519
<i>Total Current Liabilities</i>	550,872
<i>Long-Term Liabilities (net of current portion)</i>	
Accrued Mineral Rights	13,362
OWDA Loans Payable	1,955,962
<i>Total Long-Term Liabilities</i>	1,969,324
<i>Total Liabilities</i>	2,520,196
Net Position	
Net Investment in Capital Assets	2,812,163
Restricted for Economic Development	69,076
Unrestricted (Deficit)	2,047,556
<i>Total Net Position</i>	\$ 4,928,795

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

Ashtabula County Port Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2014

	Port Authority
Operating Revenues	
Operating Grants	\$ 1,471,974
Charges for Services	1,382,111
Praxair/Ashco Debt Reduction Payments	1,032,684
Contributions & Donations	60,000
Economic Development Planning Committee Receipts	10,990
<i>Total Operating Revenues</i>	3,957,759
Operating Expenses	
Plant C Operating Expenses	1,035,081
Personal Services	86,484
Contractual Services	20,273
Overhead, Rent & Utilities	21,657
EDPC Program Expenses	4,219
Other Operating Expenses	3,818
Depreciation Expense	12,247
<i>Total Operating Expenses</i>	1,183,779
<i>Operating Income (Loss)</i>	2,773,980
Non-Operating Revenues (Expenses)	
Other Non-Operating Revenues	2,860
Interest Income	185
Interest and Fiscal Charges	(67,971)
<i>Total Non-Operating Revenues (Expenses)</i>	(64,926)
<i>Change in Net Position</i>	2,709,054
<i>Net Position Beginning of Year - Restated (See Note 3)</i>	2,219,741
<i>Net Position End of Year</i>	\$ 4,928,795

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

Ashtabula County Port Authority
Statement of Cash Flows
For the Year Ended December 31, 2014

	Port Authority
Cash Flows From Operating Activities:	
Cash Received from Customers & Users	\$ 2,275,317
Cash Received from Operating Grants	1,471,974
Cash Received from Contributions & Donations	60,000
Other Operating Revenues	25,990
Cash Paid to Operate Plant C	(928,534)
Cash Paid to Employees	(86,342)
Cash Paid for Contractual Services	(20,873)
Cash Paid for Economic Development Programs	(104,219)
Cash Paid for Overhead, Rent & Utilities	(13,797)
Cash Paid for Other Operating Expenses	(11,125)
	2,668,391
Cash Flows From Non-Capital Financing Activities	
Other Non-Operating Revenues	2,860
	2,860
Cash Flows From Capital and Related Financing Activities	
Interest Income	185
Proceeds of OWDA Loans	754,934
Payment for Capital Acquisitions	(2,692,602)
Principal Paid on Debt	(66,706)
Interest Paid on Debt	(34,478)
	(2,038,667)
<i>Net Cash Provided by (Used For) Capital and Related Financing Activities</i>	<i>(2,038,667)</i>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<i>632,584</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>1,346,294</i>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$ 1,978,878</i>

Ashtabula County Port Authority
Statement of Cash Flows
For the Year Ended December 31, 2014

	<u>Port Authority</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ 2,773,980
Adjustments:	
Depreciation	12,247
(Increase) Decrease in Assets:	
Accounts Receivable	(139,478)
Prepaid Assets	8,117
Loans Receivable	(100,000)
Notes Receivable	15,000
Increase (Decrease) in Liabilities:	
Accounts Payable	3,428
Accrued Wages & Benefits Payable	3
Contracts Payable	95,705
Due to Other Governments	139
Loan Application Payable	(750)
<i>Total Adjustments</i>	<u>(105,589)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ 2,668,391</u>

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

Ashtabula County Port Authority
Ashtabula County, Ohio

Notes to the Basic Financial Statements
December 31, 2014

Note 1 - Description of the Ashtabula County Port Authority & Reporting Entity

A. The Authority

The Port Authority of Ashtabula County, (the Authority) was created pursuant to Sections 4582.22 through 4582.59, inclusive, of the Ohio Revised Code for the purpose of promoting the manufacturing, commerce, distribution and research and development interests of Ashtabula County including rendering financial and other assistance to such enterprises situated in Ashtabula County and to induce the location in Ashtabula County of other manufacturing, commerce, distribution and research entities; to purchase, subdivide, sell and lease real property in Ashtabula County and erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Ashtabula County.

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

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable. As a result, the Port Authority is reflected as a component unit of Ashtabula County.

B. Reporting Entity

The Authority has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Authority are not misleading. The primary government consists of all departments, boards and agencies that are not legally separate from the Authority.

Component units are legally separate organizations for which a primary government is financially accountable. The Authority is financially accountable for an organization if the primary government appoints a voting majority of the organization's governing board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization's resources; or (3) the Authority is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or (4) the Authority is obligated for the debt of the organization. Under the criteria specified in Statement No. 14, the Authority has no component units. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. The Authority is, however, considered to be a component unit of Ashtabula County ("the County") by virtue of the fact the Authority's Board of Trustees is appointed by the County and the Authority imposes a financial burden on the County. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization.

Ashtabula County Port Authority
Ashtabula County, Ohio

Notes to the Basic Financial Statements
December 31, 2014

Note 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 (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The more significant of the Authority's accounting policies are described below.

A. Basis of Presentation

The Authority's basic financial statements consist of a statement of net position, statement of activities, and a statement of cash flows. The Authority reports its operations in an enterprise fund. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Authority follows the business-type activities reporting requirements of GASB Statement No. 34. In accordance with this Statements, the accompanying basic financial statements are reported on an Authority-wide basis.

GASB Statement No. 34 requires the following, which collectively make up the Authority's basic financial statements:

Management's Discussion and Analysis
Basic Financial Statements:
 Statement of Net Position
 Statement of Revenues, Expenses, and Changes in Net Position
 Statement of Cash Flows
Notes to the Basic Financial Statements

B. Fund Accounting

The Authority uses a fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary, however the Authority is a proprietary fund.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Port Authority is a single enterprise fund.

Port Authority Fund – The Port Authority fund accounts for the all of the day to day activity, grants, lending programs and economic development activity relating to the Authority.

Ashtabula County Port Authority
Ashtabula County, Ohio

Notes to the Basic Financial Statements
December 31, 2014

C. Measurement Focus and Basis of Accounting

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the statement of fund net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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

The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Unbilled service charges are recognized as revenue at year end.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is 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 the Authority on a reimbursement basis.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before eligibility requirements are met are also recorded as a deferred inflow of resources. On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, there were no deferred outflows of resources to report.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Authority, there were no deferred inflow of resources to report.

D. Cash and Cash Equivalents

The Authority maintains interest bearing depository accounts. All funds of the Authority are maintained in these accounts. These interest bearing depository accounts are presented in the combined balance sheet as "Cash and Cash Equivalents". The Authority has no investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general operating fund during 2014 was \$185.

Ashtabula County Port Authority
Ashtabula County, Ohio

Notes to the Basic Financial Statements
December 31, 2014

E. Restricted Assets and Related Liabilities

Bond indentures and other lease agreements require portions of debt proceeds as well as other resources of the Authority to be set aside for various purposes. These amounts are reported as restricted assets along with the unspent proceeds of the Authority's debt obligations. The liabilities that relate to the restricted assets are included in other liabilities payable from restricted assets in the Statement of Net Position.

F. Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Authority does not currently maintain a capitalization threshold but plans to implement one during 2015.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. All reported capital assets except land and construction in progress are depreciated. Depreciation in the enterprise fund is computed using the straight-line basis over the following estimated useful lives:

<u>Estimated Lives</u>	<u>Description</u>
25 - 50 years	Buildings and Improvements
5 - 10 years	Vehicles
3 - 10 years	Furniture and Equipment

G. Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. 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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for debt service represents monies set aside for the repayment of debt.

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

H. Grants and Intergovernmental Revenues

State and Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. State and Federal reimbursement-type grants are recorded as intergovernmental receivables and revenues when all applicable eligibility requirements have been met and the resources are available.

Ashtabula County Port Authority
Ashtabula County, Ohio

Notes to the Basic Financial Statements
December 31, 2014

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Authority, these revenues are charges for services, rentals, leases and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Authority. Revenues and expenses which do not meet these definitions are reported as non-operating.

J. Financing Fee Income

Fees associated with economic development loan programs and conduit debt transactions are recognized in operating revenue as they are received.

K. 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.

Note 3 – Change in Accounting Principles & Restatement of Prior Year Balances

A. Change in Accounting Principles

For fiscal year 2014, the Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 67, “Financial Reporting for Pension Plans”, Statement No. 69, “Government Combinations and Disposals of Government Operations”, and Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

GASB Statement No. 67 establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the Authority.

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement requires the use of carrying values to measure the assets and liabilities in a government merger. It also requires measurements of assets acquired and liabilities assumed to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. The Statement also provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. Disclosures about government combinations and disposals of government operations are required to enable financial statement users to evaluate the nature and financial effects of those transactions. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Authority.

Ashtabula County Port Authority
Ashtabula County, Ohio

Notes to the Basic Financial Statements
December 31, 2014

GASB Statement No. 70 improves the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the Authority.

In addition, the Authority prepared its financial statements on a full accrual GAAP basis for the first time in 2014. Previously, the Authority prepared and reported its financial statements on a cash basis.

B. Restatement of Prior Year Balances

In prior years the Authority reported on a cash basis and 2014 was the first year the Authority reported on a full accrual GAAP basis. This change in accounting principle had the following effect on Authority balances as previously reported:

	<u>Business-Type Activities</u>
Cash Balances Reported at 12/31/13	\$1,346,294
Adjustment to Cash Related to Bonds Payable	103,183
Receivables and Other Current Assets Not Previously Reported	345,108
Capital Assets Not Previously Reported	1,541,437
Payables and Other Current Liabilities Not Previously Reported	(34,579)
Long-Term Liabilities Not Previously Reported	<u>(1,081,702)</u>
Net Position at 12/31/13	<u><u>\$2,219,741</u></u>

Note 4 – Deposits and Investments

State statues classify monies held by the Authority into three categories.

Active monies are public deposits necessary to meet the demands on the treasury. Such monies must be maintained either as cash by the Authority, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

Ashtabula County Port Authority
Ashtabula County, Ohio

Notes to the Basic Financial Statements
December 31, 2014

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

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

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

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Authority's name. During 2014, the Authority had no investments.

Ashtabula County Port Authority
Ashtabula County, Ohio

Notes to the Basic Financial Statements
December 31, 2014

Deposits with Financial Institutions

At year-end, the carrying amount of the Authority’s deposits was \$1,978,878, none of which was cash on hand. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2014, \$250,000 of the Authority’s bank balance of \$1,980,935 was covered by the Federal Deposit Insurance Corporation, meaning \$1,730,935 was exposed to custodial risk as discussed below.

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

Note 5 – Operating Lease Agreement

Office Lease - The Authority leases office space at 25 West Jefferson Street, Jefferson, Ohio from Ashtabula County on a month to month basis for \$100. Rental expense, recognized on a straight-line basis, related to the Authority’s lease was \$1,200 for the year ended December 31, 2014.

Note 6 – Long-Term Obligations

Changes in the Authority’s long-term obligations during 2014 were as follows:

Issue	Outstanding 12/31/13	Additions	(Reductions)	Outstanding 12/31/14	Amounts Due in One Year
OWDA Loan					
Purchase & Improvement - Plant C - 3.0%	\$1,068,340	\$1,164,537	(\$136,396)	\$2,096,481	140,519
Other Long-Term Obligations					
Accrued Mineral Rights Payable - n/a	13,362	0	0	13,362	0
<i>Total Long-Term Obligations</i>	<u>\$1,081,702</u>	<u>\$1,164,537</u>	<u>(\$136,396)</u>	<u>\$2,109,843</u>	<u>\$140,519</u>

The Port Authority has entered into a contractual agreement for a purchase and improvement loan from OWDA for the First Energy Plant C project in the amount \$3,026,987. Under the terms of this agreement, OWDA will reimburse, advance, or directly pay the construction costs of the approved project. OWDA will capitalize administrative costs and construction interest and add them to the total amount of the final loan.

Ashtabula County Port Authority
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Notes to the Basic Financial Statements
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In April of 2000, the Port Authority entered into an agreement with Cambrian Hunter, Inc. for the purpose of settling claims and disputes between the two parties concerning mineral rights on the Industrial Park property purchased by the Port Authority. Under the terms of the agreement, the Port Authority is to pay Cambrian \$500 each time it sells one acre of land of the Industrial Park.

The annual requirements to retire these obligations are as follows:

Year Ending December 31,	OWDA Loan	
	Principal	Interest
2015	\$140,519	\$59,848
2016	144,766	57,601
2017	149,141	53,226
2018	153,649	48,718
2019	158,293	44,074
2020-2024	866,190	145,645
2025-2029	483,923	21,993
<i>Total</i>	<u>\$2,096,481</u>	<u>\$431,105</u>

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description – The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. 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 member, accumulate retirement assets in a manner similar to the member-directed plan.

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>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2014 member contribution rates were 10.0 percent of earnable salary for members in state and local classifications.

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Ashtabula County, Ohio

Notes to the Basic Financial Statements
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The 2014 employer contribution rate for state and local employers was 14.0 percent of earnable salary.

The Authority's required contributions for pension obligations to traditional and combined plans for the years ended December 31, 2014, 2013 and 2012 were \$10,364, \$9,724 and \$10,167 respectively. The full amount has been contributed for 2013 and 2012, and 92 percent has been contributed for 2014 with the remainder being presented as "intergovernmental payable" in the statement of net position. There were no contributions to the member-directed plan for 2014.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This accounting standard replaces GASB Statement No. 27, and is effective for employer fiscal years beginning after June 15, 2014. OPERS recommends employers begin a dialog with their external auditors to determine the impact this standard will have on employer financial statements.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is 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 healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

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 health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in 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 calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care coverage.

Ashtabula County Port Authority
Ashtabula County, Ohio

Notes to the Basic Financial Statements
December 31, 2014

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

OPERS' post employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care. The portion of employer contributions allocated to health care for members in the traditional plan and combined plan was 2.0 percent during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$1,481, \$695 and \$2,905 respectively; 99 percent has been contributed for 2014 and 100 percent for 2013 and 2012.

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 9 – Other Employee Benefits

A. Sick Days

Full time employees earn five sick leave days per year using the anniversary date of hire for calculating the days. Unused sick days have no value upon termination and cannot be carried over from year to year. Therefore, there was no liability for accrued but unused sick days as of December 31, 2014.

B. Vacation

Full time employees are eligible for paid vacation time depending upon length of service. Vacation for full-time exempt and non-exempt employees is earned as follows:

After first year of employment	3.10 hours per 80 hours worked (10 days)
After fifth year of employment	4.60 hours per 80 hours worked (15 days)

If the employee does not use all of their vacation time, a request to carry over the unused balance must be approved by the Board. Unused vacation days have no value upon termination, therefore, there was no liability for accrued but unused vacation days as of December 31, 2014.

Ashtabula County Port Authority
Ashtabula County, Ohio

Notes to the Basic Financial Statements
December 31, 2014

Note 10 - Capital Assets

A summary of the Authority's capital assets at December 31, 2014 follows:

	(Restated) Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
<i>Capital Assets, not being depreciated:</i>				
Land	\$974,000	\$0	\$0	\$974,000
Construction in Progress	52,167	2,969,236	0	3,021,403
<i>Total Capital Assets, not being depreciated:</i>	1,026,167	2,969,236	0	3,995,403
<i>Capital Assets, being depreciated:</i>				
Plant C	606,200	0	0	606,200
Furniture, Equipment and Vehicles	0	615	0	615
<i>Total Capital Assets, being depreciated:</i>	606,200	615	0	606,815
Less Accumulated Depreciation:				
Plant C	(90,930)	(12,124)	0	(103,054)
Furniture, Equipment and Vehicles	0	(123)	0	(123)
<i>Total Accumulated Depreciation</i>	(90,930)	(12,247)	0	(103,177)
<i>Total Capital Assets being depreciated, net</i>	515,270	(11,632)	0	503,638
Total Capital Assets, Net	\$1,541,437	\$2,957,604	\$0	\$4,499,041

Note 11 - Risk Management

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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

Ashtabula County Port Authority
Ashtabula County, Ohio

Notes to the Basic Financial Statements
December 31, 2014

Note 12 – Contingent Liabilities

Financial Assistance - The Authority receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits may require refunding to grantor agencies. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements included herein or on the overall financial position of the Authority as of December 31, 2014.

Note 13 – Economic Development Planning Committee

In June of 2009, the Port Authority accepted a County contribution for the Economic Development Planning Committee (EDPC). The EDPC had a budget of \$4,874 for 2014 and is charged with the responsibility of developing a County strategic plan. Once complete, the County Commissioners will take ownership of plan. During 2014, EDPC money was spent in the amount \$4,219.

At December 31, 2014, the Port Authority was still holding \$655 of EDPC funds in a checking account to be spent on EDPC approved activity and is presented as restricted cash.

Note 14 – Water Pumping Service Agreement

On April 28, 2006, the Port Authority entered into a ten-year agreement to provide water pumping services to Ashco, Inc., a wholly owned subsidiary of Millennium Inorganic Chemicals Inc., and Praxair Inc. Under the terms of this agreement, the Port Authority agrees to provide process water from Plant C to Ashco's manufacturing facility, until the agreement expires on December 31, 2016. Assuming neither party breaches the written terms of the agreement, Ashco Inc. will continue to pay the monthly operating fee to the Port Authority at agreed upon rates which can fluctuate based upon the Port Authority's costs to provide the service.

If the agreement is terminated by Ashco, Inc. prior to December 31, 2016 for any reason other than an agreed upon termination by both parties or a termination by the Port Authority allowable under the written terms of the agreement, Ashco Inc. agrees to pay a termination fee to the Port Authority based upon the following schedule;

<u>If Notice of Termination is Given by Ashco Inc. to the Authority During the Period Listed Below, they must Pay the Corresponding Service Charge</u>	<u>Termination Charge</u>
January 1, 2015 through December 31, 2015	\$40,548
January 1, 2016 through December 31, 2016	0

Ashtabula County Port Authority
Ashtabula County, Ohio

Notes to the Basic Financial Statements
December 31, 2014

Note 15 – Water Pumping Service Guaranty

On April 28, 2006, the Port Authority entered into a ten-year guaranty with Millennium Inorganic Chemicals Inc., to provide water pumping services to Ashco, Inc., a wholly owned subsidiary of Millennium Inorganic Chemicals Inc. Under the terms of this agreement, Millennium Inorganic Chemicals Inc. guarantees the due and punctual payment of any and all amounts payable by Ashco, Inc., to the Port Authority, provided the Port Authority does not breach the terms of the contract. The guaranty will remain in full force and effect until the earlier of; (a) the termination of the agreement agreed upon between the two parties involved, (b) payment in full of all 10 years of obligations by Ashco Inc., or (c) the return of the guaranty to Millennium Inorganic Chemicals Inc. marked “cancelled”.

**ASHTABULA COUNTY PORT AUTHORITY
ASHTABULA COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF COMMERCE</u>			
<i>Direct funding:</i>			
Investments for Public Works and Economic Development Facilities		11.300	\$1,229,303
<u>U.S. ENVIROMENAL PROTECTION AGENCY</u>			
<i>Direct funding:</i>			
Brownfields Assessment and Cleanup Cooperative Agreements		66.818	<u>696</u>
Total Federal Expenditures			<u><u>\$1,229,999</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**ASHTABULA COUNTY PORT AUTHORITY
ASHTABULA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2014**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Ashtabula County Port Authority's (the Port Authority) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

Certain Federal programs require the Port Authority to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Port Authority has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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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

Ashtabula County Port Authority
Ashtabula County
25 West Jefferson Street
Jefferson, Ohio 44047

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 Ashtabula County Port Authority, Ashtabula County, (the Port Authority) as of and for the year ended December 31, 2014, 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 July 17, 2015. We noted the Port Authority adopted new accounting guidance in Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis - for State and Local Governments*.

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.

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 Port 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.

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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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

July 17, 2015



Dave Yost • Auditor of State

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

Ashtabula County Port Authority
Ashtabula County
25 West Jefferson Street
Jefferson, Ohio 44047

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Ashtabula County Port Authority's (the Port Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Ashtabula County Port Authority's major federal program for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Port Authority's major federal program.

Management's Responsibility

The Port Authority's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Port Authority's compliance for the Port Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Port Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Port Authority's major program. However, our audit does not provide a legal determination of the Port Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Ashtabula County Port Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

July 17, 2015

**ASHTABULA COUNTY PORT AUTHORITY
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA 11.300 - Investments for Public Works and Economic Development Facilities
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

ASHTABULA COUNTY PORT AUTHORITY

ASHTABULA 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 30, 2015