



Dave Yost • Auditor of State

**PORT AUTHORITY
VAN WERT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Port Authority, Van Wert County, Ohio (the Authority), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Port Authority, Van Wert County as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 23, 2016

**PORT AUTHORITY
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

The discussion and analysis of the Van Wert County Port Authority (the Authority) financial performance provides an overall view of the Authority's financial activities for the fiscal years ended December 31, 2015 and 2014. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

FINANCIAL HIGHLIGHTS

The Port Authority had an operating income of \$18,320 in 2015.

The Port Authority entered into a grant agreement with the Ohio Rail Development Commission (ORDC) for \$500,000 to rehabilitate a 4,200 foot branch line as a portion of the 1600 acre Job Ready Site Project. The project was completed during 2014 and the assets were removed from construction in progress and shown as an addition to infrastructure assets.

USING THIS ANNUAL FINANCIAL REPORT

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

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

Table 1 provides a summary of the Authority's net position for fiscal year 2015 compared to fiscal years 2014 and 2015.

	Table 1		
	2015	2014	2013
Assets:			
Cash	\$92,903	\$60,964	\$31,474
Other Current Assets		140,492	259,483
Depreciable Capital Assets, Net	478,707	492,684	6,660
Non-Depreciable Capital Assets	646,425	646,425	978,823
Total Assets	<u>1,218,035</u>	<u>1,340,565</u>	<u>1,276,440</u>
Liabilities:			
Accounts Payable		568	
Contracts Payable		140,282	259,483
Total Liabilities		<u>140,850</u>	<u>259,483</u>
Net Position:			
Invested in Capital Assets	1,125,132	1,139,109	985,483
Unrestricted	92,903	60,606	31,474
Total Net Position	<u>\$1,218,035</u>	<u>\$1,199,715</u>	<u>\$1,016,957</u>

**PORT AUTHORITY
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

During 2013, work began on the rehabilitation of 4,200 foot branch line as a portion of the 1600 acre Job Ready Site project. Work continued and was completed on this project during 2014. This contributed to the decrease in non-depreciable assets and the increase in depreciable assets and invested in capital assets. At December 31, 2014, the Port Authority was owed \$140,282 from the ORDC for reimbursement of the project, which the Port Authority paid to the City of Van Wert for work provided.

During 2015, the Port Authority's cash balance increased as a result of rent monies received. Capital assets decreased by the current year's depreciation. There were no further changes in capital assets.

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

	Table 2		
	2015	2014	2013
Operating Revenues:			
Rent	\$22,420	\$3,130	\$2,920
Easement Revenue	11,000	11,000	11,000
Other		18,250	
Total Operating Revenues	<u>33,420</u>	<u>32,380</u>	<u>13,920</u>
Operating Expenses:			
Other Operating Expenses	1,123	3,248	669
Depreciation	13,977	13,977	819
Total Operating Expenses	<u>15,100</u>	<u>17,225</u>	<u>1,488</u>
Total Operating Income (Loss)	18,320	15,155	12,432
Capital Contributions:			
Grant Revenue		<u>167,603</u>	<u>332,398</u>
Change in Net Assets	18,320	182,758	344,830
Net Position – Beginning of Year	1,199,715	1,016,957	672,127
Net Position – End of year	<u>\$1,218,035</u>	<u>\$1,199,715</u>	<u>\$1,016,957</u>

Operating revenues are generated from a lease of storage track agreement with AmeriGas, a lease of the S&E railroad to Mercer Landmark, and windmill rights easement revenue.

The grant revenues received in 2013 and 2014 was from the ORDC for the rehabilitation of 4,200 foot branch line which was part of the 1600 acre Jobs Ready Site project.

CAPITAL ASSETS

At the end of fiscal year 2015, the Authority had \$1,125,132 invested in land, buildings and infrastructure. At the end of fiscal year 2014, the Authority had \$1,139,109 invested in land, buildings and infrastructure. During 2014, the rehabilitation of a 4,200-foot branch line was completed. See Note 3 for further information.

**PORT AUTHORITY
VAN WERT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

DEBT

The Authority did not have any outstanding debt at December 31, 2015 and 2014.

CURRENT ISSUES

In January 2011, the Authority was awarded a \$500,000 grant from the Ohio Rail Development Commission. The \$500,000 grant is to rehabilitate a 4,200' branch-line currently leased and operated by the Chicago, Ft. Wayne, & Eastern Railroad (CFER) that currently is used to serve a grain elevator, Scott Equity. In order for it to be certified as a Job Ready Site, the rail track must meet FRA Class II standards and handle 286,000 pound cars. The ORDC funds come from the proceeds of the salvaging of approximately 11 miles of the SPEG line between Elgin and Glenmore in Van Wert County. This reimbursable grant project was completed by December 31, 2014 with final grant reimbursements received in 2015.

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

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**PORT AUTHORITY
VAN WERT COUNTY**

**STATEMENT OF NET POSITION
DECEMBER 31, 2015 AND 2014**

	2015	2014
Current Assets:		
Cash	\$92,903	\$60,964
Accounts Receivable		210
Intergovernmental Receivable		140,282
Total Current Assets	92,903	201,456
Non Current Assets:		
Depreciable Capital Assets, Net	478,707	492,684
Nondepreciable Capital Assets	646,425	646,425
Total Non Current Assets	1,125,132	1,139,109
 Total Assets	 1,218,035	 1,340,565
Liabilities:		
Accounts Payable		568
Contracts Payable		140,282
Total Liabilities		140,850
Net Position:		
Net Investment in Capital Assets	1,125,132	1,139,109
Unrestricted	92,903	60,606
Total Net Position	<u>\$1,218,035</u>	<u>\$1,199,715</u>

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

**PORT AUTHORITY
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Rent	\$22,420	\$3,130
Easement Revenue	11,000	11,000
Other		18,250
Total Operating Revenues	<u>33,420</u>	<u>32,380</u>
 Operating Expenses:		
Other Operating Expenses	1,123	3,248
Depreciation	<u>13,977</u>	<u>13,977</u>
Total Operating Expenses	<u>15,100</u>	<u>17,225</u>
 Operating Income (Loss)	18,320	15,155
 Capital Contributions:		
Grant Revenue		<u>167,603</u>
 Change in Net Position	18,320	182,758
 Net Position - Beginning of Year	<u>1,199,715</u>	<u>1,016,957</u>
Net Position - End of Year	<u><u>\$1,218,035</u></u>	<u><u>\$1,199,715</u></u>

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

**PORT AUTHORITY
VAN WERT COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
Cash Flows From Operating Activities:		
Cash Received from Rental Income	\$22,630	\$2,920
Cash Received from Easements	11,000	11,000
Cash Received from Other Operating Revenues		18,250
Cash Payments for Other Operating Expenses	(1,691)	(2,680)
Net Cash Provided by Operating Activities	31,939	29,490
 Cash Flows from Capital and Related Financing Activities:		
Capital Contributions from Grants	140,282	286,804
Acquisition of Capital Assets	(140,282)	(286,804)
Net Cash Provided by (Used for) Capital and Related Financing Activities		
 Net Increase (Decrease) in Cash	31,939	29,490
 Cash at January 1	60,964	31,474
Cash at December 31	92,903	60,964
 Reconciliation of operating income to net cash provided by operating activities		
Operating Income	18,320	15,155
 Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	13,977	13,977
Change in operating activities:		
Accounts receivable	210	(210)
Accounts Payable	(568)	568
Net cash provided by operating activities	\$31,939	\$29,490

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

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**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

1. DESCRIPTION OF THE ENTITY

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statements of net position. The statement of changes in net position reports increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

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

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Expenses are recognized at the time they are incurred.

D. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

E. Cash and Cash Equivalents

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

F. Capital Assets

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

G. Net Position

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

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

H. Operating Revenues and Expenses

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

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, is as follows:

	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
Capital Assets, not being depreciated:				
Land	\$646,425			\$646,425
Capital Assets, being depreciated:				
Building	2,159			2,159
Infrastructure	529,072			529,072
Total Capital Assets, being depreciated	531,231			531,231
Less: Accumulated Depreciation				
Building	(1,673)	(\$54)		(1,727)
Infrastructure	(36,874)	(13,923)		(50,797)
Total Accumulated Depreciation	(38,547)	(13,977)		(52,524)
Total Capital Assets, being depreciated, net	492,684	(13,977)		478,707
Capital Assets, net	\$1,139,109	(\$13,977)	\$0	\$1,125,132

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

3. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2014, is as follows:

	Balance 12/31/13	Additions	Deletions	Balance 12/31/14
Capital Assets, not being depreciated:				
Land	\$646,425			\$646,425
Construction in Progress	332,398	\$167,603	(\$500,001)	
Total Capital Assets, not being depreciated	<u>978,823</u>	<u>167,603</u>	<u>(500,001)</u>	<u>646,425</u>
Capital Assets, being depreciated:				
Building	2,159			2,159
Infrastructure	29,071	500,001		529,072
Total Capital Assets, being depreciated	<u>31,230</u>	<u>500,001</u>		<u>531,231</u>
Less: Accumulated Depreciation:				
Building	(1,619)	(54)		(1,673)
Infrastructure	(22,951)	(13,923)		(36,874)
Total Accumulated Depreciation	<u>(24,570)</u>	<u>(13,977)</u>		<u>(38,547)</u>
Total Capital Assets, being depreciated, net	<u>6,660</u>	<u>486,024</u>		<u>492,684</u>
Capital Assets, net	<u>\$985,483</u>	<u>\$653,627</u>	<u>(\$500,001)</u>	<u>\$1,139,109</u>

4. RISK MANAGEMENT

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

5. CONTINGENCY

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

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

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

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

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

6. GRANT AWARDS

In January 2011, the Authority was awarded a \$500,000 grant from the Ohio Rail Development Commission. The \$500,000 grant is to rehabilitate a 4,200' branchline currently leased and operated by the Chicago, Ft. Wayne, & Eastern Railroad (CFER) that currently is used to serve a grain elevator, Scott Equity. In order for it to be certified as a Job Ready Site, the rail track must meet FRA Class II standards and handle 286,000 pound cars. The RDC funds come from the proceeds of the salvaging of approximately 11 miles of the SPEG line between Elgin and Glenmore in Van Wert County. This reimbursable grant project was completed by December 31, 2014, with a final reimbursement received in January 2015.

7. EASEMENT AGREEMENT

On January 18, 2012, the Port Authority signed an easement agreement with BP Wind Energy of North America, Inc. Under the terms of the agreement, the Port Authority granted a transmission easement in exchange for annual preconstruction payments of \$11,000 and a post-construction payment of \$88,387. The Port Authority has received the preconstruction payments as of December 31, 2015.

8. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2015, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* GASB Statement No. 68 improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB Statement No. 71, amends GASB Statement No. 68 and is effective with the provisions of GASB Statement No. 68. The implementation of these statements had no effect on the Port Authority.

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Dave Yost • Auditor of State

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements the business-type activities of the Port Authority, Van Wert County, (the Authority) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 23, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

August 23, 2016

**VAN WERT PORT AUTHORITY
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

1. Expenditures Exceeding Appropriations

FINDING NUMBER 2015-001

NONCOMPLIANCE

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures exceeded appropriations in 2015 and 2014 by \$139,073 and \$275,684, respectfully, mainly due to not including the Ohio Rail Development (ORD) activity received and expended in 2015 and 2014. In 2015, the Authority received \$140,281 from ORD which the Authority expended during 2015. This amount should have been included in 2015 estimated resources as well as approved appropriations. In 2014, the Port Authority received \$286,803 from ORD that was not included in the estimated resources. They expended that same amount in 2014, which should have been included in appropriations. No supplemental appropriations were approved by the Authority Board.

Management did not sufficiently monitor budget versus actual reports to ensure disbursements did not exceed Board approved appropriations. Expenditures in excess of appropriations may result in deficit spending.

The Authority should develop and implement procedures to properly develop and monitor its budgetary expectations relating to appropriations and actual expenditures. Doing so would enable the Authority to comply with budgetary requirements while limiting the risk of spending more than is appropriated.

Official's Response:

We did not receive a response from Officials to this finding.

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Dave Yost • Auditor of State

VAN WERT COUNTY PORT AUTHORITY

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 27, 2016**