



Mary Taylor, CPA  
Auditor of State



**BELMONT COUNTY PORT AUTHORITY  
BELMONT COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Belmont County Port Authority  
Belmont County  
121 Newell Avenue  
St. Clairsville, Ohio 43950

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities and each major fund of Belmont County Port Authority, Belmont County, Ohio (the Authority), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of Belmont County Port Authority, Belmont County, Ohio, as of December 31, 2009 and 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2009 and 2008, the Authority revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 24, 2010

Port Authority  
Belmont County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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This discussion and analysis of Belmont County Port Authority's (the Port Authority) financial performance provides an overall review of the Port Authority's financial activities for the year ended December 31, 2009 and 2008, within the limitations of the Port Authority's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Port Authority's financial performance.

### **Highlights**

Key highlights for 2009 and 2008 are as follows:

Net assets of governmental activities increased by \$379,163 in 2009, a significant change from the prior year. This increase was due to a loan from Belmont County to be repaid with grant money from the Ohio Department of Development.

Net assets of governmental activities decreased by \$53,830 in 2008, a significant change from the prior year. This decrease was due to a operating grant provided by Belmont County Department of Job and Family Services was reduced in 2008.

The Port Authority's general receipts in 2009 are primarily loan proceeds and sale of capital assets. These receipts represent \$1,175,000 and 92 percent of the total cash received for governmental activities during the year.

The Port Authority's general receipts in 2008 are primarily county contributions and operating grant monies. These receipts represent \$158,144 and 97 percent of the total cash received for governmental activities during the year.

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

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

### **Report Components**

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

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

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

Port Authority  
Belmont County  
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**Basis of Accounting**

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

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

**Reporting the Port Authority as a Whole**

The statement of net assets and the statement of activities reflect how the Port Authority did financially during 2009 and 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Port Authority at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Port Authority's general receipts.

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

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

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

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

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

Governmental Funds - All of the Port Authority's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Port Authority's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Port Authority's programs.



Port Authority  
Belmont County  
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The Port Authority's significant governmental funds are presented on the financial statements in separate columns. The Port Authority's major governmental funds are the General Fund and 629 Road Work Development Grant Fund. The Port Authority did not have any non-major funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Port Authority as a Whole**

Table 1 provides a summary of the Port Authority's net assets for 2009 compared to 2008 and 2007 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2009	2008	2007
<b>Assets</b>			
Cash and Cash Equivalents	\$383,234	\$4,071	\$57,901
Total Assets	\$383,234	\$4,071	\$57,901
<b>Net Assets</b>			
Restricted for:			
Capital Projects	367,486	0	0
Unrestricted	15,748	4,071	57,901
Total Net Assets	\$383,234	\$4,071	\$57,901

As mentioned previously, in 2009 net assets of governmental activities increased by \$379,163, a significant change from the prior year. This increase was due to the Port Authority obtained a loan from Belmont County to be repaid with grant money received from Ohio Department of Development.

Net assets of governmental activities decreased by \$53,830 during 2008. This is a significant change from the prior year. This decrease was due to a operating grant provided by Belmont County Department of Job & Family Services being reduced in 2008.

Table 2 reflects the changes in net assets on a cash basis in 2009, 2008 and 2007 for governmental activities.

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

	Governmental Activities		
	2009	2008	2007
Receipts:			
Program Receipts:			
Operating Grants and Contributions	\$0	\$58,144	\$136,640
Capital Grants and Contributions	0	5,000	5,000
Total Program Receipts	<u>0</u>	<u>63,144</u>	<u>141,640</u>
General Receipts:			
Belmont County contributions	100,000	100,000	100,000
Sale of Property	425,000	0	0
Loan from Belmont County	750,000	0	0
Miscellaneous	0	58	0
Total General Receipts	<u>1,275,000</u>	<u>100,058</u>	<u>100,000</u>
Total Receipts	<u>1,275,000</u>	<u>163,202</u>	<u>241,640</u>
Disbursements:			
Economic Development	<u>895,837</u>	<u>217,032</u>	<u>201,845</u>
Total Disbursements	<u>895,837</u>	<u>217,032</u>	<u>201,845</u>
Increase (Decrease) in Net Assets	379,163	(53,830)	39,795
Net Assets, January 1	<u>4,071</u>	<u>57,901</u>	<u>18,106</u>
Net Assets, December 31	<u>\$383,234</u>	<u>\$4,071</u>	<u>\$57,901</u>

Program receipts represent 0 percent in 2009 and 39 percent in 2008 of total receipts and are primarily comprised of restricted intergovernmental receipts such as grants.

General receipts represent 100 percent in 2009 and 61 percent in 2008 of the Port Authority's total receipts.

Disbursements for Economic Development have increased each year due to grants obtained for the public roadwork improvements related to the Eastern Ohio Regional Industrial Park.

**Governmental Activities**

If you look at the Statement of Activities on pages 10 and 15, you will see that the first column lists the major service provided by the Port Authority. The next column identifies the costs of providing these services. The next two columns of the Statement entitled Program Receipts identify amounts paid by grants received by the Port Authority that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Port Authority  
Belmont County  
Management's Discussion and Analysis  
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(Table 3)

**Governmental Activities**

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Economic Development	\$895,837	\$895,837	\$217,032	\$153,888	\$201,845	\$60,205
Total Expenses	\$895,837	\$895,837	\$217,032	\$153,888	\$201,845	\$60,205

The dependence upon Belmont County contributions is apparent as over 100 percent of governmental general operation activities is supported through the contribution in 2009.

The dependence upon Belmont County contributions is apparent as over 100 percent of governmental general operation activities is supported through the contribution in 2008.

**The Port Authority's Funds**

During 2009 the General Fund had receipts of \$553,000 and disbursements of \$541,323. The 629 Roadwork Development Grant Fund had receipts of \$722,000 and disbursements of \$354,514.

During 2008 the General Fund had receipts of \$163,202 and disbursements of \$217,032.

**Budgeting Highlights**

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

During 2009 final disbursements were budgeted at \$544,034 for the General Fund and actual disbursements were \$541,323.

During 2008 final disbursements were budgeted at \$224,329 for the General Fund and actual disbursements were \$217,032.

**Capital Assets and Debt Administration**

**Capital Assets**

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

**Debt**

At December 31, 2009, the Port Authority has outstanding debt of \$750,000.

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

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Port Authority's finances and to reflect the Port Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Larry Merry of Belmont County Port Authority, 121 Newell Avenue, St. Clairsville, Oh 43950.

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PORT AUTHORITY  
BELMONT COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2009

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$383,234</u>
<i>Total Assets</i>	<u><u>\$383,234</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$367,486
Unrestricted	<u>15,748</u>
<i>Total Net Assets</i>	<u><u>\$383,234</u></u>

See accompanying notes to the basic financial statements

**PORT AUTHORITY  
BELMONT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>		
Economic Development	\$895,837	\$0 (895,837)
<i>Total Governmental Activities</i>	\$895,837	(895,837)
	<b>General Receipts</b>	
	Sale of Property	425,000
	Loan from Belmont County	750,000
	Belmont County contributions	100,000
	<i>Total General Receipts</i>	1,275,000
	Change in Net Assets	379,163
	<i>Net Assets Beginning of Year</i>	4,071
	<i>Net Assets End of Year</i>	\$383,234

See accompanying notes to the basic financial statements

PORT AUTHORITY  
BELMONT COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009

	General	629 Roadwork Development Grant Fund	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$15,748	\$367,486	\$383,234
<i>Total Assets</i>	<u>\$15,748</u>	<u>\$367,486</u>	<u>\$383,234</u>
<b>Fund Balances</b>			
Reserved:			
Reserved for Encumbrances		\$284,019	\$284,019
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	\$15,748		\$15,748
Capital Project Funds		\$83,467	83,467
<i>Total Fund Balances</i>	<u>\$15,748</u>	<u>\$367,486</u>	<u>\$383,234</u>

See accompanying notes to the basic financial statements

**PORT AUTHORITY  
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General	629 Road Work Development Grant Fund	Total Governmental Funds
<b>Receipts</b>			
Belmont County Contributions	\$100,000		\$100,000
<i>Total Receipts</i>	<u>100,000</u>	<u>0</u>	<u>100,000</u>
<b>Disbursements</b>			
Current:			
Economic Development	541,323	354,514	895,837
<i>Total Disbursements</i>	<u>541,323</u>	<u>354,514</u>	<u>895,837</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Capital Assets	425,000		425,000
Loan from Belmont County	28,000	722,000	750,000
<i>Total Other Financing Sources (Uses)</i>	<u>453,000</u>	<u>722,000</u>	<u>1,175,000</u>
<i>Net Change in Fund Balances</i>	11,677	367,486	379,163
<i>Fund Balances Beginning of Year</i>	<u>4,071</u>	<u>0</u>	<u>4,071</u>
<i>Fund Balances End of Year</i>	<u>\$15,748</u>	<u>\$367,486</u>	<u>\$383,234</u>

See accompanying notes to the basic financial statements



**PORT AUTHORITY  
BELMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Belmont County Contributions	\$0	\$100,000	\$100,000	\$0
<i>Total Receipts</i>	0	100,000	100,000	0
<b>Disbursements</b>				
Current:				
Economic Development	544,034	544,034	541,323	2,711
<i>Total Disbursements</i>	544,034	544,034	541,323	2,711
<i>Excess of Receipts Over (Under) Disbursements</i>	(544,034)	(444,034)	(441,323)	2,711
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	425,000	425,000	0
Loan from Belmont County	0	28,000	28,000	0
<i>Total Other Financing Sources (Uses)</i>	0	453,000	453,000	0
<i>Net Change in Fund Balance</i>	(544,034)	8,966	11,677	2,711
<i>Fund Balance Beginning of Year</i>	4,071	4,071	4,071	0
<i>Fund Balance End of Year</i>	(\$539,963)	\$13,037	\$15,748	\$2,711

See accompanying notes to the basic financial statements

PORT AUTHORITY  
BELMONT COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2008

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,071</u>
<i>Total Assets</i>	<u><u>\$4,071</u></u>
<b>Net Assets</b>	
Unrestricted	<u>4,071</u>
<i>Total Net Assets</i>	<u><u>\$4,071</u></u>

See accompanying notes to the basic financial statements

**PORT AUTHORITY  
BELMONT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Economic Development	\$217,032	\$58,144	\$5,000	(\$153,888)
<i>Total Governmental Activities</i>	<u>\$217,032</u>	<u>\$58,144</u>	<u>\$5,000</u>	(153,888)
		<b>General Receipts</b>		
		Belmont County contributions		100,000
		Miscellaneous		58
		<i>Total General Receipts</i>		<u>100,058</u>
		Change in Net Assets		(53,830)
		<i>Net Assets Beginning of Year</i>		<u>57,901</u>
		<i>Net Assets End of Year</i>		<u><u>\$4,071</u></u>

See accompanying notes to the basic financial statements

PORT AUTHORITY  
BELMONT COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008

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	<u>General</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,071</u>
<i>Total Assets</i>	<u><u>\$4,071</u></u>
<b>Fund Balance</b>	
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	<u>\$4,071</u>
<i>Total Fund Balance</i>	<u><u>\$4,071</u></u>

See accompanying notes to the basic financial statements

PORT AUTHORITY  
BELMONT COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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	<u>General</u>
<b>Receipts</b>	
Belmont County Contributions	\$100,000
Grants	63,144
Other	<u>58</u>
<i>Total Receipts</i>	<u>163,202</u>
<b>Disbursements</b>	
Current:	
Economic Development	<u>217,032</u>
<i>Total Disbursements</i>	<u>217,032</u>
<i>Net Change in Fund Balances</i>	<u>(53,830)</u>
<i>Fund Balances Beginning of Year</i>	<u>57,901</u>
<i>Fund Balances End of Year</i>	<u><u>\$4,071</u></u>

See accompanying notes to the basic financial statements

**PORT AUTHORITY  
BELMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
County Contributions	\$100,000	\$100,000	\$100,000	\$0
Grants	58,000	68,000	63,144	(4,856)
Other	0	53	58	5
<i>Total Receipts</i>	158,000	168,053	163,202	(4,851)
<b>Disbursements</b>				
Current:				
Economic Development	224,329	224,329	217,032	7,297
<i>Total Disbursements</i>	224,329	224,329	217,032	7,297
<i>Net Change in Fund Balance</i>	(66,329)	(56,276)	(53,830)	2,446
<i>Fund Balance Beginning of Year</i>	57,901	57,901	57,901	0
<i>Fund Balance End of Year</i>	(\$8,428)	\$1,625	\$4,071	\$2,446

See accompanying notes to the basic financial statements

Belmont County Port Authority  
Belmont County  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 1 – Reporting Entity**

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

The Port Authority is governed by a five member Board of Directors that acts as the authoritative and legislative body of the entity. The Board is appointed by the Board of Commissioners of Belmont County.

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

The Port Authority is a discretely presented component unit in Belmont County's December 31, 2009 Comprehensive Annual Financial Report, as defined by the provisions of GASB Statement Nos. 14 and No. 39. Also, Belmont County serves as the fiscal agent for the Port Authority. The Port Authority's management believes these financial statements represent all activities for which the Port Authority is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

**Note 2 – Summary of Significant Accounting Policies** (continued)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

During the year, the Port Authority segregates transactions related to certain Port Authority functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Port Authority at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. The Port Authority did not have any nonmajor funds during 2009 or 2008.

B. Fund Accounting

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

Governmental Funds

The Port Authority classifies funds financed primarily from intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Port Authority's major governmental funds are the General Fund and the 629 Road Work Development Grant Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Port Authority for any purpose provided it is expended or transferred according to the general laws of Ohio. The 629 Road Work Development Grant Fund receives loans from Belmont County Commissioners as advances until reimbursed for grants from Ohio Department of Development for public roadwork improvements related to the Eastern Ohio Regional Industrial Park.

C. Basis of Accounting

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

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



**Note 2 – Summary of Significant Accounting Policies** (continued)

**D. Budgetary Process**

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

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

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

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

**E. Cash and Investments**

To improve cash management, cash received by the Port Authority is pooled and invested. Individual fund integrity is maintained through Port Authority records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

**F. Restricted Assets**

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

The Port Authority reports advances-in and advances-out for interfund loans. There were no advances during 2009 or 2008.

**Note 2 – Summary of Significant Accounting Policies** (continued)

**J. Accumulated Leave**

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

**K. Long-Term Obligations**

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

**L. Net Assets**

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

**M. Fund Balance Reserves**

The Port Authority reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**Note 3 – Budgetary Basis of Accounting**

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

**Note 4 – Equity in Pooled Cash**

The Belmont County Auditor serves as fiscal officer of the Port Authority. The Ohio Revised Code prescribes allowable deposits and investments for both the Port Authority and the County. At December 31, 2009 and 2008, the Port Authority had cash and investments with a carrying amount of \$383,234 and \$4,071, respectively, which are included in and collateralized with Belmont County's cash management pool.

**Note 5 – Retirement Systems**

The Port Authority's lone employee belongs to the Ohio Public Employees Retirement System (OPERS). The primary government serves as the Port Authority's fiscal agent and is responsible for paying contributions. Belmont County has paid all contributions required through December 31, 2009.

Belmont County Port Authority  
Belmont County  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 6 – Financial Issues**

On June 9, 2008, the Ohio Department of Development (ODOD) approved an infrastructure grant, Roadwork Development Grant ECDD 08-321, in the amount of \$575,000 for the Eastern Ohio Regional Industrial Park. The project would involve the construction of a 3,000 foot roadway, which includes upgrades of existing roads, into a 740-acre parcel of land near the Village of Barnesville, Belmont County. The Controlling Board approved the Roadwork Development Grant on May 19, 2008 with Controlling Board Action No. DEV-0100260. Completion date was November 19, 2009 or the approval by ODOD of an extension. As of December 31, 2009, the Port Authority had an outstanding request for payment in the amount of \$202,843. The Port Authority received \$201,537 of the outstanding request in January 2010. On March 29, 2010 a request for payment was submitted to ODOD in the amount of \$192,160 and subsequently received on May 3, 2010. Thus, \$181,303 remains to be drawn down from this grant.

On June 4, 2008, the Ohio Department of Development approved the Belmont County Port Authority to receive \$175,000 from the Industrial Site Improvement Fund for its Eastern Ohio Regional Industrial Park. As of December 31, 2009, the Port Authority had an outstanding request for payment in the amount of \$174,391. The Port Authority received \$174,391 in January 2010 and \$609 remains to be drawn down of this grant.

Effective July 1, 2008, the Port Authority lost its operating revenue that it had been previously receiving from the Belmont County Department of Job and Family Services. The Port Authority received operating subsidies of \$100,000 in 2008 and 2009 from the Belmont County Commissioners. In 2010, the Belmont County Commissioners approved an allocation of \$75,000, a reduction of \$25,000 from 2009.

**Note 7 – Contractual Commitment**

As of December 31, 2009, the Port Authority had a contractual commitment with the R.F. Scurlock Corporation, in the amount of \$185,143, for road work at the Eastern Ohio Regional Industrial Park.

**Note 8 – Related Party Transaction**

The Port Authority received operating subsidies of \$100,000 from the Belmont County Commissioners in 2009. Also, during 2009, the Belmont County Commissioners advanced monies to the Port Authority in the amount of \$750,000 (See Note 10 for additional information). Once the Port Authority receives reimbursements from the Ohio Department of Development, the advances will be repaid.

**Note 9 – Due to Belmont County**

During 2009, the Belmont County Commissioners advanced \$100,000 to the Port Authority for a portion of the cost of the land for the Eastern Ohio Industrial Park. In addition, the Belmont County Commissioners advanced \$650,000 to the Port Authority for infrastructure improvements at the Eastern Ohio Industrial Park. Once the Port Authority receives reimbursements through grant draw-down requests to the Ohio Department of Development, the Port Authority will repay the outstanding advances. The outstanding advances are reflected as "Due to Primary Government" in the accompanying statement of net assets.

**Note 10 – Subsequent Events**

On March 24, 2010 the Commissioners approved the encumbrance of \$250,000 matching funds from the Capital Projects Fund, a newly created fund for three specific infrastructure projects, one being the Eastern Ohio Regional Industrial Park. The advance serves as proof of matching funds for a Ohio Department of Development Low Intensity Job Ready Site Grant in the amount of \$750,000.

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# Mary Taylor, CPA

Auditor of State

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

Belmont County Port Authority  
Belmont County  
121 Newell Avenue  
St. Clairsville, OH 43950

To the Board of Directors:

We have audited the financial statements of the governmental activities and each major fund of the Belmont County Port Authority, Belmont County, Ohio (the Authority), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 24, 2010, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies, resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated June 24, 2010.

We intend this report solely for the information and use of management, the audit committee and Board of Directors. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

June 24, 2010



**Mary Taylor, CPA**  
Auditor of State

**BELMONT COUNTY PORT AUTHORITY**

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 10, 2010**