



Mary Taylor, CPA
Auditor of State

**PORT AUTHORITY
VAN WERT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of the business-type activities of the Port Authority, Van Wert County, (the Authority), a component unit of Van Wert County, as of and for the years ended December 31, 2009 and 2008, which 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.

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, 2009 and 2008, and the changes in financial position and cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 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 accounting principles generally accepted in the United States of America 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

March 11, 2010

**PORT AUTHORITY
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008
UNAUDITED**

The discussion and analysis of the Van Wert County Port Authority (the Authority) financial performance provides an overall view of the Authority's financial activities for the fiscal years ended December 31, 2009 and 2008. 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

- Total assets at year-end 2009 and 2008 were \$107,626 and \$107,655, respectively.
- Total net assets increased \$201 for 2009 and decreased for 2008 by \$980.

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 assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

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

Table 1 provides a summary of the Authority's net assets for fiscal year 2009 compared to fiscal years 2008 and 2007.

Table 1			
	2009	2008	2007
Assets:			
Cash	\$ 25,939	\$ 23,865	\$ 22,383
Depreciable Capital Assets, Net	25,335	27,438	29,540
Non Depreciable Capital Assets	56,352	56,352	56,352
Total Assets	107,626	107,655	108,275
Liabilities:			
Accounts Payable	130	360	
Net Assets:			
Invested in Capital Assets	81,687	83,790	85,892
Unrestricted	25,809	23,505	22,383
Total Net Assets	\$107,496	\$107,295	\$108,275

Total assets decreased by \$29 from 2008 to 2009 and by \$620 from 2007 to 2008. Despite an increase in cash, capital assets continue to decrease as depreciation on the building and infrastructure continues.

**PORT AUTHORITY
VAN WERT COUNTY**

**MANAGEMENT' DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008
UNAUDITED
(Continued)**

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

	Table 2	2009	2008	2007
Operating Revenues:				
Rent		\$ 2,920	\$ 2,920	\$ 2,920
Other			797	
Total Operating Revenues		2,920	3,717	2,920
Operating Expenses:				
Other Operating Expenses		616	2,595	261
Depreciation		2,103	2,102	2,102
Total Operating Expenses		2,719	4,697	2,363
Change in Net Assets		201	(980)	557
Net Assets - Beginning of Year		107,295	108,275	107,718
Net Assets - End of Year		\$107,496	\$107,295	\$108,275

Net Assets has increased from 2008 to 2009 and decreased from 2007 to 2008. The Authority receives rental income each year and this income is used to cover the Authority's minimal operating expenses. Operating expenses were higher in 2008 due to audit expenses.

Capital Assets

At the end of fiscal year 2009 and 2008, the Authority had \$81,687 and \$83,790 invested in land, buildings and infrastructure. See Note 3 for further information.

Debt

The Authority did not have any outstanding debt at December 31, 2009 and 2008.

Contacting The Authority's Financial Management

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

**PORT AUTHORITY
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash	\$25,939	\$23,865
Non Current Assets:		
Depreciable Capital Assets, Net	25,335	27,438
Nondepreciable Capital Assets	<u>56,352</u>	<u>56,352</u>
Total Non Current Assets	<u>81,687</u>	<u>83,790</u>
 Total Assets	 <u>107,626</u>	 <u>107,655</u>
 Liabilities:		
Accounts Payable	<u>130</u>	<u>360</u>
 Net Assets		
Invested in Capital Assets, Net of Related Debt	81,687	83,790
Unrestricted	<u>25,809</u>	<u>23,505</u>
 Total Net Assets	 <u>\$107,496</u>	 <u>\$107,295</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 ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Operating Revenues:		
Rent	\$2,920	\$2,920
Intergovernmental		797
Total Operating Revenues	<u>\$2,920</u>	<u>\$3,717</u>
Operating Expenses:		
Other Operating Expenses	616	2,595
Depreciation	2,103	2,102
Total Operating Expenses	<u>2,719</u>	<u>4,697</u>
Change in Net Assets	201	(980)
Net Assets - Beginning of Year	<u>107,295</u>	<u>108,275</u>
Net Assets - End of Year	<u><u>\$107,496</u></u>	<u><u>\$107,295</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, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities:		
Cash Received from Rental Income	\$2,920	\$2,920
Cash Received from Other Operating Revenues		797
Cash Payments for Other Operating Expenses	<u>(846)</u>	<u>(2,235)</u>
Net Cash Provided by Operating Activities	2,074	1,482
 Net Increase (Decrease) in Cash	 2,074	 1,482
 Cash at January 1	 <u>23,865</u>	 <u>22,383</u>
 Cash at December 31	 <u>25,939</u>	 <u>23,865</u>
 Reconciliation of operating income to net cash provided by operating activities		
 Operating Income	 201	 (980)
 Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,103	2,102
Change in operating liabilities:		
Accounts payable	<u>(230)</u>	<u>360</u>
 Net cash provided by (used for) operating activities	 <u>\$2,074</u>	 <u>\$1,482</u>

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, 2009 AND 2008**

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, seven 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 financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to a governmental nonprofit organization. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements. 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 assets, a statement of revenues, expenses, and changes in net assets, 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 assets, 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 assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

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

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(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. The Authority did not use the encumbrance method of accounting.

E. Cash and Cash Equivalents

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

F. Capital Assets

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

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested 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 assets are 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 is as follows:

	Balance 12/31/2007	Additions	Deletions	Balance 12/31/2008
Capital Assets, not being depreciated:				
Land	\$56,352			\$56,352
Capital Assets, being depreciated				
Building	2,159			2,159
Infrastructure	77,835			77,835
Total Capital Assets, being depreciated	79,994			79,994
Less: Accumulated Depreciation				
Building	(1,295)	(\$ 54)		(1,349)
Infrastructure	(49,159)	(2,048)		(51,207)
Total Accumulated Depreciation	(50,454)	(2,102)		(52,556)
Total Capital Assets, being depreciated, net	29,540	(2,102)		27,438
Capital Assets, net	\$85,892	(\$2,102)	\$0	\$83,790

**PORT AUTHORITY
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

3. CAPITAL ASSETS (Continued)

	Balance 12/31/2008	Additions	Deletions	Balance 12/31/2009
Capital Assets, not being depreciated				
Land	\$56,352			\$56,352
Capital Assets, being depreciated				
Building	2,159			2,159
Infrastructure	77,835			77,835
Total Capital Assets, being depreciated	79,994			79,994
Less: Accumulated Depreciation				
Building	(1,349)	(\$ 54)		(1,403)
Infrastructure	(51,207)	(2,049)		(53,256)
Total Accumulated Depreciation	(52,556)	(2,103)		(54,659)
Total Capital Assets, being depreciated, net	27,438	(2,103)		25,335
Capital Assets, net	\$83,790	(\$2,103)	\$0	\$81,687

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:

- a) Upon termination of the agreement with the Port Authorities; and
- b) 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, 2009 AND 2008
(Continued)**

6. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2009, the Port Authority implemented GASB Statements No. 51 "Accounting and Financial Reporting for Intangible Assets", Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments, and No. 53 "Accounting and Financial Reporting for Derivative Instruments." Statement No. 51 requires that all intangible assets that are not specifically excluded by its scope provisions be classified as capital assets. Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The implementation of these statements had no effect on net assets.

7. SUBSEQUENT EVENTS

On January 17, 2010, the Port Authority officially abandoned the portion of railroad infrastructure from Elgin to Glenmore. This abandonment equated to a decrease in infrastructure depreciable capital assets, net of depreciation, in the amount of \$15,399.

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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*

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

To the Board of Directors:

We have audited the financial statements of the business-type activities of Port Authority, Van Wert County, (the Authority) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 11, 2010. 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 opinion 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 was not 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*.

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Port Authority
Van Wert County
Independent Accountants' Report On Internal Control Over
Financial Reporting and On Compliance and Other Matters
Required By *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated March 11, 2010.

We intend this report solely for the information and use of management, the Board of Directors and others within the Authority. 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

March 11, 2010

**PORT AUTHORITY
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Adm. Code Section 117-2-02(A) and (D)(4)(c) – Maintenance of Capital Asset Records	Partially	Reported to management of the Port Authority in a separate letter.
2007-002	Ohio Rev. Code Sections 5705.28(B)(2)(a)(b); 5705.36; 5705.38; 5705.40; and 5705.41 - Budgetary Requirements were not followed.	Yes	



Mary Taylor, CPA
Auditor of State

PORT AUTHORITY

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 6, 2010**