



Certified Public Accountants, A.C.

**WOOD COUNTY PORT AUTHORITY
WOOD COUNTY
Regular Audit
For the Year Ended December 31, 2017**

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740.435.3417

www.perrycpas.com



Dave Yost • Auditor of State

Board of Directors
Wood County Port Authority
932 Dixie Highway
Rossford, OH 43460

We have reviewed the *Independent Auditor's Report* of the Wood County Port Authority, Wood County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wood County Port Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 13, 2018

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**WOOD COUNTY PORT AUTHORITY
WOOD COUNTY**

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INDEPENDENT AUDITOR'S REPORT

May 30, 2018

Wood County Port Authority
Wood County
932 Dixie Highway
Rossford, Ohio 43460

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Wood County Port Authority**, Wood County, Ohio (the Port Authority), a component unit of the Wood County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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...*"bringing more to the table"*

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wood County Port Authority, Wood County, Ohio as of December 31, 2017, and the respective changes in its financial position and its cash flows thereof for the year 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 May 30, 2018 on our consideration of the Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port Authority's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Wood County Port Authority
Wood County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2017
(Unaudited)

The discussion and analysis of Wood County Port Authority's (Port Authority) financial performance provides an overall review of the Port Authority's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole; readers are encouraged to consider information presented here as well as the basic financial statements to enhance their understanding of the Port Authority's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2017 are as follows:

- The assets of the Port Authority exceeded its liabilities at December 31, 2017 by \$7,458,678.
- Net position of the Port Authority decreased \$268 from 2016.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The Port Authority is a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The **Statement of Net Position** includes all of the Port Authority's Assets and Liabilities. These statements provide information about the nature and amounts of investments in resources (assets) owned by the Port Authority, and obligations owed by the Port Authority (liabilities) on December 31, 2017. The Port Authority's net position is the difference between assets and liabilities.

The **Statement of Revenues, Expenses and Changes in Net Position** provides information on the Port Authority's operations over the past year and the success of recovering all its costs through user fees, charges and other income. Revenues are reported when earned and expenses are reported when incurred.

The **Statement of Cash Flows** provides information about the Port Authority's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, investing, noncapital financing and capital financing activities.

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

USING THIS FINANCIAL REPORT

This report consists of two parts, the Management's Discussion and Analysis and the basic financial statements. The basic financial statements include a statement of net position; statement of revenues, expenses and changes in net position; and a statement of cash flows. Since the Port Authority only uses one fund for its operations, the entity-wide and the fund presentation information is the same.

Wood County Port Authority
Wood County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2017
(Unaudited)

STATEMENT OF NET POSITION AND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Net Position answers the question, "How did we do financially during 2017?" This statement includes all assets and liabilities, both financial and capital, and current 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. The basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This change in net position is important because it tells the reader whether, for the Port Authority as a whole, the financial position of the Port Authority has improved or diminished. However, in evaluating the overall position of the Port Authority, non-financial information will also need to be evaluated.

This section contains a condensed comparison of assets, liabilities, net position, revenues and expenses and explanations for significant differences.

Table 1 provides a summary of the Port Authority's net position as of December 31, 2017 and December 31, 2016.

Table 1
Net Position

	2017	2016
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$142,054	\$112,542
Grant Receivable	517,278	-
Noncurrent Assets:		
Capital Assets, Net	7,382,850	7,376,710
Total Assets	8,042,182	7,489,252
 <u>Liabilities</u>		
Current Liabilities		
Accounts Payable	98,024	29,449
Due to Other Governments	485,480	-
Unearned Revenue-Grants	-	857
Total Liabilities	583,504	30,306
 <u>Net Position</u>		
Net Investment in Capital Assets	7,372,383	7,376,710
Unrestricted	86,295	82,236
Total Net Position	\$7,458,678	\$7,458,946

In 2017, total net position decreased by \$268 due to an excess of expenses over revenues. Cash increased due to additional funding from the County, intergovernmental grants and administrative fees collected and was partially offset due to the use of monies to fund operating expenses and ongoing projects. Grants receivable increased due to ongoing projects at year end. Capital assets increased due to additional outlays for ongoing projects. Liabilities increased by \$553,198 from 2016 primarily due to increases in accounts payable and due to other governments for several ongoing projects.

Wood County Port Authority
Wood County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2017
(Unaudited)

Table 2 shows the changes in net position for the years ended December 31, 2017 and 2016. In 2017, total net position decreased by \$268. This number reflects a decrease in net position due to the reasons noted above.

Table 2
Changes in Net Position

	2017	2016
Operating Revenues:		
Administrative Fee	\$50,000	\$15,000
Total Operating Revenues	50,000	15,000
Operating Expenses:		
Bank Charges	61	61
Board Member Compensation	8,275	7,555
Member Expenses	40	-
Dues and Subscriptions	115	100
Conferences and Meetings	50	2,140
Insurance and Bonding	5,293	5,310
Engineering Expenses	25,345	21,443
Legal and Professional Fees	132,712	72,225
Miscellaneous	495	322
Total Operating Expenses	172,386	109,156
Operating Loss	(122,386)	(94,156)
Non-Operating Revenues (Expenses):		
Grants	(11,500)	(56,000)
Contributed Assets from Other Governments	-	56,000
Intergovernmental Revenue	855,238	50,121
Projects - Contracts	(721,673)	-
Interest Income	53	106
Donated Services	-	10,155
Proceeds from Sale of Assets	-	2,257
Total Non-Operating Revenues	122,118	62,639
Change in Net Position	(268)	(31,517)
Net Position - Beginning of Year	7,458,946	7,490,463
Net Position - End of Year	<u>\$ 7,458,678</u>	<u>\$ 7,458,946</u>

The Port Authority received \$50,000 in administrative revenue in 2017 for sponsoring the issuance of conduit debt for an entity during the year. The Port Authority had increased intergovernmental revenues in 2017 as the grant activity was much more extensive during 2017. The Port Authority had increased engineering expenses, legal and professional fees and projects-contracts expenses due to more grant activity to fund projects during 2017. The major projects during 2017 related to the Pilkington road project intended to assist in creating more jobs with funding from the Ohio Rail Development Commission and the Ohio Development Services Agency and the Woodbridge road project intended to assist in creating more jobs with funding from the Ohio Department of Transportation and the Ohio Development Services Agency.

CAPITAL ASSETS

The Port Authority had \$7,382,850 and \$7,376,710 in capital assets as of December 31, 2017 and 2016, respectively. Additional information regarding capital assets is provided in Note 9 and 10 to the basic financial statements.

CONTACTING THE GOVERNMENT'S FINANCIAL MANAGEMENT

This financial report is intended to provide our citizens, investors and creditors with a general overview of the Port Authority's finances and to demonstrate the Port Authority's accountability for the revenue it receives. If you have questions about this report or need additional financial information, contact the Port Authority's General Counsel at Wood County Port Authority, 932 Dixie Highway, Rossford, Ohio 43460-1333.

Wood County Port Authority
Wood County
Statement of Net Position
Proprietary Fund
As of December 31, 2017

Assets:

Current Assets

Cash and Cash Equivalents	\$ 142,054
Grant Receivable	517,278
Total Current Assets	<u>659,332</u>

Noncurrent Assets

Nondepreciable Capital Assets	7,382,850
Total Noncurrent Assets	<u>7,382,850</u>

Total Assets	<u><u>8,042,182</u></u>
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Liabilities and Net Position:

Liabilities

Current Liabilities

Accounts Payable	98,024
Due to Other Governments	485,480
Total Current Liabilities	<u>583,504</u>

Total Liabilities	<u>583,504</u>
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Net Position:

Net Investment in Capital Assets	7,372,383
Unrestricted	86,295
Total Net Position	<u><u>\$ 7,458,678</u></u>

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

Wood County Port Authority
Wood County
Statement of Revenues, Expenses and Change in Net Position
Proprietary Fund
For the Fiscal Year Ended December 31, 2017

Operating Revenues:	
Administrative Fee	\$ 50,000
<hr/>	
Total Operating Revenues	50,000
<hr/>	
Operating Expenses	
Bank Charges	61
Board Member Compensation	8,275
Board Member Expenses	40
Dues and Subscriptions	115
Conferences and Meetings	50
Insurance and Bonding	5,293
Legal and Professional Fees	132,712
Engineering Expenses	25,345
Miscellaneous	495
<hr/>	
Total Operating Expenses	172,386
<hr/>	
Operating Loss	(122,386)
<hr/>	
Nonoperating Revenues (Expenses):	
Grants	(11,500)
Intergovernmental Revenues	855,238
Projects - Contracts	(721,673)
Interest Income	53
<hr/>	
Total Nonoperating Revenues (Expenses)	122,118
<hr/>	
Change in Net Position	(268)
<hr/>	
Net Position, January 1, 2017	7,458,946
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Net Position, December 31, 2017	\$ 7,458,678
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The notes to the financial statements are an integral part of this statement.

Wood County Port Authority
Wood County
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended December 31, 2017

Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from Administrative Fees	\$ 50,000
Cash Payments for Board Member Compensation	(8,275)
Cash Payments for Board Member Expenses	(40)
Cash Payments for Dues, Subscriptions, Conferences and Meetings	(165)
Cash Payments for Engineering Expenses	(25,345)
Cash Payments for Legal and Professional Fees	(107,093)
Cash Payments for Insurance and Bonding	(5,293)
Cash Payments for Bank Charges and Other	(556)
Net Cash Used for Operating Activities	(96,767)
Cash Flows from Investing Activities:	
Interest	53
Net Cash from Investing Activities	53
Cash Flows Used for Capital Financing Activities:	
Cash Payments for Nondepreciable Capital Assets	(5,327)
Net Cash Used for Capital Financing Activities	(5,327)
Cash Flows from Noncapital Financing Activities:	
Grants	(11,500)
Projects - Contracts	(194,050)
Intergovernmental Revenue	337,103
Net Cash from Noncapital Financing Activities	131,553
Net Increase (Decrease) in Cash and Cash Equivalents	29,512
Cash and Cash Equivalents Beginning of Year	112,542
Cash and Cash Equivalents End of Year	\$ 142,054
Reconciliation of Operating Loss	
to Net Cash Used for Operating Activities:	
Operating Loss	\$ (122,386)
(Increase) Decrease in Assets and	
Increase (Decrease) in Liabilities:	
Accounts Payable - Operating	25,619
Total Adjustments	25,619
Net Cash Used for Operating Activities	\$ (96,767)

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

Wood County Port Authority
Wood County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

1. DESCRIPTION OF REPORTING ENTITY

Wood County Port Authority, Wood County, Ohio is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio pursuant to the authority of Section 4582.22 of the Ohio Revised Code. Its territorial limits encompass all of Wood County.

The Port Authority was formerly known as the Northern Wood County Port Authority and was created by the City of Rossford, Ohio and Perrysburg Township, Wood County, Ohio. On July 23, 2010, the Wood County Commissioners, the Mayor of the City of Rossford, and the Perrysburg Township Trustees executed an agreement wherein Wood County joined the Port Authority. The agreement provides that the jurisdiction of the Port Authority is expanded to include all of Wood County, Ohio. The Port Authority shall be governed by a board of directors pursuant to RC 4582.27. The Board shall consist of seven (7) members. Initially, two Board members shall be appointed by the Mayor of the City; two appointed by Township Trustees; two appointed by the Wood County Commissioners; and one appointed jointly by the Mayor, the Trustees, and the Commissioners. The Directors from the City and Township will continue their respective terms. The Commissioners appointed two Board Members immediately after signing the agreement. The Joint Appointee shall be the current joint appointee of the City and Township. All terms will be four-year terms with the initial terms of the County appointees being staggered by two years. Upon the first vacancy of a City, Township, and Joint Appointee, either through the expiration of term of office, by resignation, or otherwise, the Wood County Commissioners shall appoint the successor to each of those terms, until the Wood County Commissioners have a total of five (5) appointments to the Port Authority Board, except that in no event shall there be less than one representative of the City and Township on the Board of Directors at any one time.

The Port Authority is included as a component unit in Wood County's financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Wood County Port Authority (the Port Authority) is presented to assist in understanding the entity's financial statements. The financial statements and notes are representations of the entity's management and board who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles for governmental agencies including those principles prescribed by the Governmental Accounting Standard Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled Audits of States, Local Governments. The above policies have been consistently applied in the preparation of the financial statements.

A. Basis of Accounting

The financial statements of the Port Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Port Authority's basic financial statements consist of a statement of net position; a statement of revenue, expenses and changes in net position; and a statement of cash flows. The Port Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of operating income, the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Wood County Port Authority
Wood County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus

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

C. Fund Accounting

The Port Authority maintains an Enterprise Fund, a proprietary fund type, which is the general operating fund and is used to account for all financial resources of the Port Authority. This fund is used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges.

D. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The Port Authority did not report any deferred outflows of resources for 2017.

In addition to liabilities, the statement of net position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Port Authority did not report any deferred inflows of resources for 2017.

E. Capital Assets

All 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 value on the date donated. The Port Authority has a capitalization threshold of \$5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expended when incurred.

F. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consist of capital assets, and if applicable, net of accumulated depreciation and related debt. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Port Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Port Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The Port Authority did not have any restricted net position for 2017.

G. Statement of Cash Flows

For the purposes of the statement of cash flows, the Port Authority considers all short-term investments with a maturity of three months or less at the time they are acquired to be cash equivalents.

Wood County Port Authority
Wood County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Port Authority. All revenues and expenses not meeting these definitions 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. CASH AND CASH EQUIVALENTS

Monies held by the Port Authority are classified by State statute into three categories. Active monies are public monies determined to be necessary to meet current demands upon the Port Authority treasury. Active monies must be maintained either as cash in the Port Authority treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts. Interim monies held by the Port Authority can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2); and
7. The State Treasurer's investment pool (STAR Ohio).

Wood County Port Authority
Wood County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

3. CASH AND CASH EQUIVALENTS (Continued)

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

Protection of the Port Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Deposits

Custodial credit risk for deposits is the risk that, in the event of bank failure, the Port Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2017, none of the Port Authority's bank balance of \$146,998 was exposed to custodial credit risk because it was uninsured or uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Port Authority to a successful claim by the FDIC.

The Port Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Port Authority or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Balance 1/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2017</u>
Capital Assets:				
Nondepreciable Capital Assets	<u>\$ 7,376,710</u>	<u>\$ 6,140</u>	<u>\$ -</u>	<u>\$ 7,382,850</u>

The capital assets, consisting of the Liberty Hi Road and Chessie Circle Trail (formally known as Westside Corridor) Projects, will be transferred off the balance sheet after the Port Authority's planned dedication to various entities.

Wood County Port Authority
Wood County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

5. RISK MANAGEMENT

Risk Pool Membership

The Port Authority belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (the latest information available).

	2016
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

The Council maintains commercial insurance for the following risks:

- General Liability & Casualty
- Public Officials Liability
- Vehicle
- Property

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

Wood County Port Authority
Wood County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

6. FINANCING ACTIVITY

During fiscal year 2017, the Port Authority received operating monies from the Wood County Commissioners totaling \$50,000.

7. CONTINGENCIES

Grants

The Port Authority received financial assistance from State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Port Authority. However, the effect of any such disallowed claims on the overall financial position of the Port Authority at December 31, 2017, if applicable, cannot be determined at this time.

8. CONDUIT DEBT

OI Levis Park STS, Inc.

In November 2005, the Port Authority issued \$10,570,000 of Rossford/Perrysburg Township Joint Economic Development Authority/Port Authority Taxable Development Revenue Bonds, Series 2005. The proceeds of the revenue bonds were used to fund the completion of the OI World Headquarters office building. The Port Authority has leased the property on which this building is located and owns the building. The Port Authority has leased the building to OI Levis Park STS, Inc. The lease is non-cancelable until the underlying revenue bonds are paid in full. The lease payments cover the principal and interest payments on the Revenue Bonds, Series 2005. All expenses related to the revenue bonds and the maintenance of the building is the responsibility of OI Levis Park STS, Inc. OI Levis Park STS, Inc. pays the lease payments directly to the trustee. In addition, an agreement to guarantee the indebtedness was executed by Owens-Brockway Glass Container, Inc. and the Port Authority.

In accordance with *Governmental Accounting Standards*, these revenue bonds issued by the Port Authority are considered conduit debt and do not create a liability and therefore are not presented on the Port Authority's financial statements. The Port Authority has no responsibility for the repayment of the debt and the lease payments are paid directly to the trustee by OI Levis Park STS, Inc.

HD Troy OH Landlord, LLC

In August 2013, the Port Authority issued \$75,000,000 of Wood County Port Authority Taxable Development Revenue Bonds, Series 2013. The proceeds of the revenue bonds were used to fund the completion of a 1,600,000-square foot distribution center. The Port Authority has leased the property on which this building is located and owns the building. The Port Authority has leased the building to HD Troy OH Landlord, LLC. The lease is non-cancelable until the underlying revenue bonds are paid in full. The lease payments cover the principal and interest payments on the Revenue Bonds, Series 2013. All expenses related to the revenue bonds and the maintenance of the building is the responsibility of HD Troy OH Landlord, LLC.

In accordance with *Governmental Accounting Standards*, these revenue bonds issued by the Port Authority are considered conduit debt and do not create a liability and therefore are not presented on the Port Authority's financial statements. The Port Authority has no responsibility for the repayment of the debt and the lease payments are paid directly to the trustee by HD Troy OH Landlord, LLC.

Wood County Port Authority
Wood County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

8. CONDUIT DEBT (Continued)

Hollister Hotel, LLC

In October 2016, the Port Authority issued \$10,080,000 of Port Authority Taxable Development Revenue Bonds, Series 2016. The proceeds of the revenue bonds were used to fund the construction of a new 106 room hotel located in Perrysburg, Ohio. The Port Authority has leased the property on which this building is located and owns the building. The Port Authority has leased the building to Hollister Hotel, LLC. The lease is non-cancelable until the underlying revenue bonds are paid in full. The lease payments cover the principal and interest payments on the Revenue Bonds, Series 2016. All expenses related to the revenue bonds and the maintenance of the building is the responsibility of Hollister Hotel, LLC. Hollister Hotel, LLC pays the lease payments directly to the trustee.

In accordance with *Governmental Accounting Standards*, these revenue bonds issued by the Port Authority are considered conduit debt and do not create a liability and therefore are not presented on the Port Authority's financial statements. The Port Authority has no responsibility for the repayment of the debt and the lease payments are paid directly to the trustee by Hollister Hotel, LLC.

WMOG Investment, Inc.

In September 2017, the Port Authority issued \$5,656,300 of Port Authority Taxable Development Revenue Bonds, Series 2017. The proceeds of the revenue bonds were used to fund the acquisition, construction, improvement and financing of a warehouse and distribution facility and related site improvements and facilities on a site located in Bowling Green, Ohio. The Port Authority has leased the building to WMOG Investment, Inc. The lease is non-cancelable until the underlying revenue bonds are paid in full. The lease payments cover the principal and interest payments on the Revenue Bonds, Series 2017. All expenses related to the revenue bonds and the maintenance of the building is the responsibility of WMOG Investment, Inc. WMOG Investment, Inc. pays the lease payments directly to the trustee.

In accordance with *Governmental Accounting Standards*, these revenue bonds issued by the Port Authority are considered conduit debt and do not create a liability and therefore are not presented on the Port Authority's financial statements. The Port Authority has no responsibility for the repayment of the debt and the lease payments are paid directly to the trustee by WMOG Investment, Inc.

9. LIBERTY HI ROAD PROJECT

On August 17, 2010, the Port Authority contracted with the Ohio Department of Transportation, CSX Transportation, Inc., and Wood County whereby the Port Authority agreed to construct a grade separation at the intersection of Liberty Hi Road, in Henry Township, Wood County, Ohio. CSX Transportation, Inc. agreed to provide real property necessary for the construction of the roadway improvement valued at \$883,304 and it agreed to provide cash for the roadway improvement in the amount of \$5,774,470. The Port Authority also received a roadway improvement grant from the Ohio Department of Development in the amount of \$600,000. The roadway improvement was substantially completed by August 11, 2011; however, the roadway improvement has not yet been dedicated to the County due to issues with the roadway. The Port Authority continues to incur and pay additional costs associated with addressing issues with the roadway and such costs have been included in the cost of this project.

Wood County Port Authority
Wood County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

10. CHESSIE CIRCLE TRAIL PROJECT (FORMALLY KNOWN AS WESTSIDE CORRIDOR PROJECT)

Since 2003, efforts have been underway to purchase approximately 11 miles of the CSX Toledo Terminal Westside Corridor, located in Wood and Lucas County, Ohio, to preserve the rail right-of-way for future use. The rail corridor extends from Laskey Road, to River Road in Toledo, Lucas County, Ohio and from River Road (State Route 65) to Bates Road in Perrysburg Township, Wood County, Ohio.

A consortium of public entities combined to purchase the rail corridor using federal transportation funds. The consortium members include the Trust for Public Land, Metro parks of the Toledo Area, University of Toledo, City of Toledo, Wood County Park District, Wood County Port Authority, and the Toledo Metropolitan Area Council of Governments (TMACOG).

Through the sale process, the Wood County Port Authority acquired the real property from River Road in Lucas County to River Road (State Route 65) in Wood County, including a bridge spanning the Maumee River and a value for the property and bridge was assigned to the Port Authority in the amount of \$320,091. The Port Authority intends to remove the bridge and ensure that alternative transportation access is expanded to provide the crossing of the Maumee River from Wood to Lucas County.

11. RECEIVABLES

As of December 31, 2017 the Authority had intergovernmental receivables consisting of \$60,907 due from the Ohio Department of Transportation, \$247,315 from the Ohio Development Services Agency and \$209,056 from the Ohio Rail Development Commission.

12. NEW ACCOUNTING PRINCIPLES

For fiscal year 2017, the Authority has implemented GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans, GASB Statement No. 80, "Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14 and GASB Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Authority.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as no-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Authority.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payment made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Authority.



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

May 30, 2018

Wood County Port Authority
Wood County
932 Dixie Highway
Rossford, Ohio 43460

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Wood County Port Authority**, Wood County, (the Port Authority), a component unit of Wood County, as of and for the year ended December 31, 2017, and the related notes to the basic financial statements, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated May 30, 2018.

Internal Control Over Financial Reporting

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

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

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

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...*"bringing more to the table"*

Compliance and Other Matters

As part of reasonably assuring whether the Port Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2017-001.

Authority's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**WOOD COUNTY PORT AUTHORITY
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

Noncompliance

Ohio Revised Code, § 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

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

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

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

While the Port Authority took measures to implement control procedures based on the prior audit report finding, the Authority did not certify the availability of funds prior to the purchase commitment for 95% of the expenditures tested. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

WOOD COUNTY PORT AUTHORITY
WOOD COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

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

FINDING NUMBER 2017-001 (Continued)

Unless the Port Authority uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursements and to help reduce the possibility of the Port Authority's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the Port Authority. When prior certification is not possible, "then and now" certification should be used.

We recommend the Port Authority certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Port Authority incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Management's Response – The Port Authority will take steps to comply with ORC Section 5705.41(D)(1) by working to implement purchase orders and having them properly certified by the Secretary/Treasurer, where practicable, and using "Then and Now" certifications where the use of purchase orders is not practicable.

**WOOD COUNTY PORT AUTHORITY
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Financial Monitoring	Corrected	
2016-002	Ohio Revised Code Section 5705.41(D)(1)	Not Corrected	Repeated as Finding 2017-001

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Dave Yost • Auditor of State

WOOD COUNTY PORT AUTHORITY

WOOD 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
JUNE 26, 2018**