



OHIO AUDITOR OF STATE  
**KEITH FABER**





**LOGAN COUNTY PORT AUTHORITY  
LOGAN COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Logan County Port Authority  
Logan County  
117 E. Columbus Ave.  
Bellefontaine, Ohio 43311

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Logan County Port Authority, Logan County, Ohio (the Authority) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Authority prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Authority does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the Logan County Port Authority, Logan County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2019, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

December 24, 2019

**Logan County Port Authority**  
 Logan County  
 Statement of Receipts, Disbursements  
 and Change in Fund Balance (Regulatory Cash Basis)  
 General Fund  
 For the Year Ended December 31, 2018

|  | General     |
|--|-------------|
| <b>Cash Receipts</b>                                 |             |
| Stewart Title Guaranty Company                       | \$175,000   |
| Midwest Express                                      | 633,392     |
| Earnings on Investments                              | 32          |
| <i>Total Cash Receipts</i>                           | 808,424     |
| <b>Cash Disbursements</b>                            |             |
| Current:   |             |
| Midwest Express Building Project                     | 10,000      |
| Reimburse County for Expenditures                    | 8,622       |
| Honda Logistics North America                        | 6,099,910   |
| Ohio Council of Port Authorities Dues                | 200         |
| Logan County Commissioners                           | 115,678     |
| Legal Fees   | 34,932      |
| Advertising  | 17          |
| Wire Transfer fees                                   | 90          |
| Cashier Checks                                       | 20          |
| Bond Premium   | 75          |
| Debt Service:  |             |
| Principal Retirement                                 | 509,167     |
| Interest and Fiscal Charges                          | 124,075     |
| <i>Total Cash Disbursements</i>                      | 6,902,786   |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (6,094,362) |
| <b>Other Financing Receipts</b>                      |             |
| Proceeds of Debt                                     | 6,100,000   |
| <i>Total Other Financing Receipts</i>                | 6,100,000   |
| <i>Net Change in Fund Cash Balance</i>               | 5,638       |
| <i>Fund Cash Balance, January 1</i>                  | 9,522       |
| <b>Fund Cash Balance, December 31</b>                |             |
| Unassigned   | 15,160      |
| <i>Fund Cash Balance, December 31</i>                | \$15,160    |

*See accompanying notes to the basic financial statement*

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**Logan County Port Authority**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The Logan County Port Authority (the Authority), Logan County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A three member Board of Directors, appointed by the Logan County Commissioners, directs the Authority. The Authority provides all services permitted by a port authority under Chapter 4582 of the Ohio Revised Code and Resolution 120-17 of the Logan County Commissioners, as both may be amended or supplemented from time to time.

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

***Basis of Presentation***

The Authority's financial statement consists of a statement of receipts, disbursements and change in fund balance (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Authority uses funds 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. The fund of the Authority is presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Authority for any purpose provided it is expended or transferred according to the general laws of Ohio. For the year ended December 31, 2018, the general fund is the only fund of the Authority.

***Basis of Accounting***

The financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Authority Board of Directors must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Authority to reserve (encumber) appropriations when individual commitments are made. The Authority did not use the encumbrance method of accounting.

**Logan County Port Authority**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Authority maintains a checking account and has no investments.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Board of Directors can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board of Directors amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Authority Board of Directors or an Authority official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Logan County Port Authority**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2018*  
*(Continued)*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

| 2018 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$0                  | \$6,908,424        | \$6,908,424 |

| 2018 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |               |
|---|----------------------------|---------------------------|---------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance      |
| General   | \$180,000                  | \$6,902,786               | (\$6,722,786) |

**Note 4 – Deposits**

The Authority maintains a deposit pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

|                         |          |
|-------------------------|----------|
|                         | 2018     |
| (Total) Demand deposits | \$15,160 |

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Risk Management**

As a governmental entity first created on April 20, 2017, with its organizational meeting held on June 20, 2017, as of December 31, 2018, the Authority has no employees, and no property, plant, or equipment. Thus, the Authority has no comprehensive property and general liability insurance. The Authority has no errors and omissions insurance yet, but does have a public official's bond for its Secretary.

**Note 6 – Debt**

Debt outstanding at December 31, 2018, was as follows:

|               |             |
|---------------|-------------|
| Revenue Bonds | \$5,590,833 |
|---------------|-------------|

The Revenue Bonds relates to an agreement with Midwest Express and Honda of America Financing. The Board approved revenue bonds up to \$15,000,000 for the purpose of financing a portion of the costs of acquiring, constructing, and otherwise improving Port Authority Facilities for the benefit of Midwest Express Inc. As of December 31, 2018, the Authority has issued \$6,100,000. The bonds shall mature no later than June 1, 2027.

**Logan County Port Authority**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 7 – Compliance**

Contrary to Ohio law, the Authority did not prepare an annual budget of estimated receipts, expended \$6,722,786 more than budgeted, and failed to utilize purchase orders for the year ended December 31, 2018.

**Logan County Port Authority**  
 Logan County  
 Statement of Receipts, Disbursements  
 and Change in Fund Balance (Regulatory Cash Basis)  
 General Fund  
 For the Year Ended December 31, 2017

|  | General  |
|--|----------|
| <b>Cash Receipts</b>                                 |          |
| Charges for Services                                 | \$10,000 |
| Earnings on Investments                              | 1        |
| <i>Total Cash Receipts</i>                           | 10,001   |
| <b>Cash Disbursements</b>                            |          |
| Current:   |          |
| Legal Expenses                                       | 474      |
| Check Printing Fee                                   | 5        |
| <i>Total Cash Disbursements</i>                      | 479      |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 9,522    |
| <i>Fund Cash Balance, January 1</i>                  | 0        |
| <b>Fund Cash Balance, December 31</b>                |          |
| Unassigned   | 9,522    |
| <i>Fund Cash Balance, December 31</i>                | \$9,522  |

*See accompanying notes to the basic financial statement*

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**Logan County Port Authority**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

The Logan County Port Authority (the Authority), Logan County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A three member Board of Directors, appointed by the Logan County Commissioners, directs the Authority. The Authority provides all services permitted by a port authority under Chapter 4582 of the Ohio Revised Code and Resolution 120-17 of the Logan County Commissioners, as both may be amended or supplemented from time to time.

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

***Basis of Presentation***

The Authority's financial statement consists of a statement of receipts, disbursements and change in fund balance (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Authority uses funds 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. The fund of the Authority is presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Authority for any purpose provided it is expended or transferred according to the general laws of Ohio. For the year ended December 31, 2017, the general fund is the only fund of the Authority.

***Basis of Accounting***

The financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Authority Board of Directors must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Authority to reserve (encumber) appropriations when individual commitments are made. The Authority did not use the encumbrance method of accounting.

**Logan County Port Authority**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Authority maintains a checking account and has no investments.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Board of Directors can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board of Directors amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Authority Board of Directors or an Authority official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.



**Logan County Port Authority**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

| 2017 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$0                  | \$10,001           | \$10,001 |

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$0                        | \$479                     | (\$479)  |

**Note 4 – Deposits**

The Authority maintains a deposit pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

|                 |         |
|-----------------|---------|
|                 | 2017    |
| Demand deposits | \$9,522 |

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 – Risk Management**

As a governmental entity first created on April 20, 2017, with its organizational meeting held on June 20, 2017, as of December 31, 2017, the Authority has no employees, and no property, plant, or equipment. Thus, the Authority has no comprehensive property and general liability insurance. The Authority has no errors and omissions insurance yet, but does have a public official's bond for its Secretary.

**Note 6 – Compliance**

Contrary to Ohio law, the Authority did not prepare an annual budget for receipts/expenditures or utilize purchase orders for the year ended December 31, 2017.

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# OHIO AUDITOR OF STATE KEITH FABER



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WestRegion@ohioauditor.gov

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

Logan County Port Authority  
Logan County  
117 E. Columbus Ave.  
Bellefontaine, Ohio 43311

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of the Logan County Port Authority, Logan County, (the Authority) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated December 24, 2019 wherein we noted the Authority followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. We consider finding 2018-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2018-002 described in the accompanying schedule of findings to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-003.

***Authority's Response to Findings***

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Authority's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

December 24, 2019

**LOGAN COUNTY PORT AUTHORITY  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS**

**DECEMBER 31, 2018 AND 2017**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2018-001**

**Material Weakness**

**Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The Authority did not properly report Proceeds of Debt, in the amount of \$6,100,000 as other financing sources. The amount was originally reported as Midwest Express receipt. Additionally, the Authority did not properly classify ending fund balance as Unassigned. The 2018 financial statements were adjusted to properly report this activity.

The Authority did not have procedures in place for effective monitoring of the Authority's financial activity, and the accuracy of accounting and financial reporting. Failure to accurately monitor and report financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

The Authority should exercise due care when preparing annual financial reports to help prevent errors and to assist in properly reflecting the Authority's financial activity.

**Officials' Response:**

The Port was not aware that end of the year documentation of moneys left in the pass through account needed to be addressed. This will be corrected.

**FINDING NUMBER 2018-002**

**Significant Deficiency**

**Subsidiary Records and Monitoring Controls by the Port Authority Board**

The small size of the Authority's fiscal operations did not allow for an adequate segregation of duties. The Board members performed most accounting functions. The following deficiencies were noted in the monitoring of financial and budgetary activity by the Port Authority Board:

- Subsidiary ledgers containing receipts, expenditures, and/or current balances were not maintained or available for approval by the Board at each meeting.
- Budget to actual information was not prepared and/or maintained to monitor financial activity of the Authority.
- Bank reconciliations were not performed monthly.
- Pre-numbered receipts were not utilized.

These deficiencies could allow improper disbursements and posting errors of receipts and expenditures to occur and go undetected in a timely manner. To improve controls over financial transactions and to reduce the possibility of loss of cash assets, subsidiary ledgers should be maintained detailing all receipts, disbursements and fund balance of the Authority. These ledgers, along with budget to actual statements and bank reconciliations should be prepared on a monthly basis. The documents should be reviewed, initialed, and, if acceptable, approved in the minutes by the Board of Directors. The Authority should also utilize pre-numbered receipts to account for all revenue transactions.

**Officials' Response:**

A ledger has already been purchased.

**FINDING NUMBER 2018-003**

**Noncompliance**

**Ohio Rev. Code § 5705.28 (B)(2)(a)** states the taxing authority of a taxing unit that does not levy a tax is not required to adopt a tax budget pursuant to division (A) of this section. Instead, on or before the fifteenth day of July each year, such taxing authority shall adopt an operating budget for the taxing unit for the ensuing fiscal year. The operating budget shall include an estimate of receipts from all sources, a statement of all taxing unit expenses that are anticipated to occur, and the amount required for debt charges during the fiscal year. The operating budget is not required to be filed with the county auditor or the county budget commission.

**Ohio Rev. Code § 5705.28 (B)(2)(b)** states except for this section and sections 5705.36, 5705.38, 5705.40, 5705.41, 5705.43, 5705.44, and 5705.45 of the Revised Code, a taxing unit that does not levy a tax is not a taxing unit for purposes of Chapter 5705 of the Revised Code. Documents prepared in accordance with such sections are not required to be filed with the county auditor or county budget commission.

**Ohio Rev. Code § 5705.28 (B)(2)(c)** state the total appropriations from each fund of a taxing unit that does not levy a tax shall not exceed the total estimated revenue available for expenditures from the fund, and appropriations shall be made from each fund only for the purposes for which the fund is established.

Additionally, **Ohio Rev. Code § 4582.13**, states in part, the board of directors of a port authority created in accordance with section 4582.02 of the Revised Code shall annually prepare a budget for the port authority.

The Authority did not approve a budget in 2017. Although the Authority did approve \$180,000 in appropriations in 2018, expenditures were \$6,902,786. The Authority did not estimate receipts in 2017 or 2018. Additionally, the Authority did not utilize purchase orders.

The lack of preparing the documents noted above and following required procedures, could limit the Board's understanding of operations, and the lack of budgetary information could impact the decision making process.

The Authority should review the budgetary requirements and implement procedures to ensure the proper budgeting is completed, monitored, and approved.

**Officials' Response:**

A budget has been approved every year and we will put in place the use of purchase orders.

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**LOGAN COUNTY PORT AUTHORITY**

**LOGAN 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  
JANUARY 21, 2020**