

***PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012***







# Dave Yost • Auditor of State

Board of Directors  
Portage County Port Authority  
217 South Chestnut Street  
Ravenna, Ohio 44266

We have reviewed the *Independent Auditors' Report* of the Portage County Port Authority, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. 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 Portage 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

July 1, 2014

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**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2013 and 2012**

**TABLE OF CONTENTS**

<u><b>Title</b></u>	<u><b>Page</b></u>
<b>Independent Auditors' Report</b>	<b>1-2</b>
<b>Statement of Receipts, Cash Disbursements, and Changes in Fund Cash Balances - For the Years Ended December 31, 2013 and 2012</b>	<b>3-4</b>
<b>Notes to the Financial Statements</b>	<b>5-7</b>
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i></b>	<b>8-9</b>
<b>Schedule of Prior Audit Findings</b>	<b>10</b>

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT AUDITORS' REPORT**

Portage County Port Authority  
Portage County  
217 South Chestnut Street  
Ravenna, Ohio 44266

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Portage County Port Authority, Portage County, (the Port Authority) as of and for the years ended December 31, 2013 and 2012.

***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 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 audit opinions.

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

As described in Note 1 of the financial statements, the Port 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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

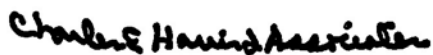
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Port Authority as of December 31, 2013 and 2012, or 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 of Portage County Port Authority, Portage County as of December 31, 2013 and 2012, and its cash receipts and disbursements 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2014, 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.



**CHARLES E. HARRIS & ASSOCIATES, INC.**

May 26, 2014

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY  
STATEMENT OF RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE  
For the Year Ended December 31, 2013**

	<b>2013</b>
<b>Cash Receipts:</b>	
TIF Fees	\$ 8,798
Charges for Services	25,000
Grants	250,000
Earnings on Investments	15
	283,813
<b>Cash Disbursements:</b>	
<b>Current:</b>	
Grant Expense	250,000
Contract Services	17,000
Membership Dues	5,100
Advertising and Marketing	674
Professional and Technical Services	19,761
Transportation	173
Food Supplies	20
	292,728
<b>Total Cash Disbursements</b>	<b>292,728</b>
<b>Excess of Cash Receipts Over/(Under)     Cash Disbursements</b>	<b>(8,915)</b>
<b>Fund Cash Balance January 1, 2013</b>	<b>233,797</b>
<b>Fund Cash Balance December 31, 2013 Unassigned</b>	<b>224,882</b>
<b>Fund Cash Balance December 31, 2013</b>	<b>\$ 224,882</b>

See accompanying Notes to the Financial Statements.



**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY  
STATEMENT OF RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE  
For the Year Ended December 31, 2012**

	<b>2012</b>
<b>Cash Receipts:</b>	
<b>TIF Fees</b>	<b>\$ 6,481</b>
<b>Charges for Services</b>	<b>131,250</b>
<b>Earnings on Investments</b>	<b>26</b>
	<b>137,757</b>
<b>Total Cash Receipts</b>	<b>137,757</b>
<b>Cash Disbursements:</b>	
<b>Current:</b>	
<b>Contract Services</b>	<b>46,233</b>
<b>Membership Dues</b>	<b>5,100</b>
<b>Advertising and Marketing</b>	<b>173</b>
<b>Professional and Technical Services</b>	<b>31,226</b>
<b>Miscellaneous</b>	<b>1,000</b>
<b>Food Supplies</b>	<b>104</b>
	<b>83,836</b>
<b>Total Cash Disbursements</b>	<b>83,836</b>
<b>Excess of Cash Receipts Over/(Under)     Cash Disbursements</b>	<b>53,921</b>
<b>Fund Cash Balance January 1, 2012</b>	<b>179,876</b>
<b>Fund Cash Balance December 31, 2012 Unassigned</b>	<b>233,797</b>
<b>Fund Cash Balance December 31, 2012</b>	<b>\$ 233,797</b>

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2013 and 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Portage County Port Authority, Portage County (the Port Authority) 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. The Port Authority operates under the direction of a seven member Board of Directors. The Board of Directors are appointed by the Portage County Board of Commissioners. The Port Authority is authorized to purchase, construct, sell, lease and operate facilities within its jurisdiction as enumerated in Ohio Revised Code Sections 4582.01 through 4582.59.

Component units are legally separate organizations for which the Port Authority is financially accountable. The Port Authority is financially accountable for an organization if the Port Authority appoints a voting majority of the organization's governing board and (1) the Port Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Port Authority is legally entitled to or can otherwise access the organization's resources; the Port Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Port Authority is obligated for the debt of the organization. The Port Authority is also financially accountable for any organizations that are fiscally dependent on the Port Authority in that the Port Authority approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Port Authority, are accessible to the Port Authority and are significant in amount to the Port Authority. The Port Authority has one component unit, the Portage County Improvement Corporation (the Corporation), however the Corporation did not have any activity for 2012 or 2013.

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

**B. ACCOUNTING BASIS**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Port Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

The statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. DEPOSITS AND INVESTMENTS**

The Port Authority's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**D. FUND ACCOUNTING**

The Port Authority maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. All transactions are accounted for in a single fund, the General Fund. The General Fund is used for all financial resources except those required by law or contract to be restricted.

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2013 and 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**E. BUDGETARY PROCESS**

The Portage County Port Authority Board of Directors follows Ohio Revised Code 5705 in general, and Sections 5705.30 and 5705.38 in particular.

**F. FUND BALANCE**

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

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

2. 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.

3. Committed – The Directors can commit amounts via formal action (resolution). The Port Authority must adhere to these commitments unless the 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.

4. 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 Port Authority Directors or a Port Authority official delegated that authority by resolution, or by State Statute.

5. 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 Port 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.

**G. PROPERTY, PLANT AND EQUIPMENT**

The Port Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Ohio Revised Code prescribes allowable deposits. At December 31, 2013 and 2012, the Port Authority had cash and investments with a carrying amount of \$233,797 and \$224,882 respectively.

Deposits: Deposits are insured by the Federal Depository Insurance Company, or collateralized by the financial institution's public entity deposit pool.

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2013 and 2012**

**3. TAX INCREMENT FINANCING (TIF)**

Tax Increment Financing (TIF) is an economic development tool which allows a political subdivision to capture incremental real property tax revenues (the increase in assessed value of the real property from private development) and use those revenues to pay for or finance the costs of public infrastructure improvements.

**4. REVENUE BONDS**

Portage County Port Authority, Taxable Development Revenue Bonds, Series 2012 (Rubbermaid Distribution Center Project)

Brimfield Township OH LLC has requested the assistance of the Port Authority to provide for, and finance the costs of, the Project for the benefit of Rubbermaid Incorporated to enhance, foster, aid, provide or promote economic development, research and commerce and create and preserve jobs and employment opportunities. The Bonds are anticipated to be issued in an approximate principal amount not to exceed \$23,900,000. The Developer intends to construct a new 811,000 square foot building to house a warehouse distribution center for use by Rubbermaid Incorporated. The Bonds will be special obligations of the Port Authority. Neither the faith and credit nor the taxing power of the Port Authority is pledged to the payment of the principal of or interest on the Bonds. No assets of the Authority were pledged.

Portage County Port Authority, Development Revenue Bonds, Series 2013 (Dubois Property Project)

The proceeds of the Bonds are to be used to purchase real property located at South Lincoln and East Summit Street, Kent, Ohio. The Authority is leasing the Property to Kent State University under a lease agreement dated as of December 13, 2012. The Bonds are anticipated to be issued in an approximate principal amount not to exceed \$3,680,000. The Bonds will be special obligations of the Port Authority. Neither the faith and credit nor the taxing power of the Port Authority is pledged to the payment of the principal of or interest on the Bonds. No assets of the Authority were pledged.

**5. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Portage County Port Authority  
Portage County  
217 South Chestnut Street  
Ravenna, Ohio 44266

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 Portage County Port Authority, Portage County, (the Port Authority) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated May 26, 2014, wherein we noted the Port Authority followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

***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.

***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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted other matters that we have reported to management of the Port Authority in a separate letter dated May 26, 2014.

***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.

*Charles Harris Associates*

**CHARLES E. HARRIS & ASSOCIATES, INC.**

May 26, 2014

**PORTAGE COUNTY PORT AUTHORITY  
PORTAGE COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit report, as of December 31, 2011 and 2010 reported no material citations or recommendations.

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# Dave Yost • Auditor of State

**PORTAGE COUNTY PORT AUTHORITY**

**PORTAGE 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  
JULY 15, 2014**