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Certified Public Accountants, A.C.

**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY
Regular Audit
For the Year Ended December 31, 2016**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Members of the Board
Butler County Port Authority
315 High St
Hamilton, OH 45011

We have reviewed the *Independent Auditor's Report* of the Butler County Port Authority, Butler County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2016. 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 Butler 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 22, 2017

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**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY**

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INDEPENDENT AUDITOR'S REPORT

May 31, 2017

Butler County Port Authority
Butler County
315 High Street
Hamilton, Ohio 45011

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Butler County Port Authority**, Butler County, Ohio (the Port Authority), a component unit of the Butler County, as of and for the year ended December 31, 2016, 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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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Butler County Port Authority, Butler County, Ohio as of December 31, 2016, 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 31, 2017 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

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2016
(Unaudited)

The discussion and analysis of the Butler County Port Authority (the "Port Authority") financial performance provides an overall review of the financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Port Authority's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- The Port Authority generated \$122,548 in charges for services during the year.
- The Port Authority's cash balance decreased \$4,407 during 2016 to \$97,706 at December 31, 2016.
- The Port Authority's net position decreased \$15,642 during 2016.

Using this Financial Report

This financial report contains the basic financial statements of the Port Authority, as well as the Management's Discussion and Analysis and notes to 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. As the Port Authority reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information are the same.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2016
(Unaudited)

Statement of Net Position

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

Table 1 provides a summary of the Port Authority's net position for 2016 and 2015.

Table 1 - Net Position

	2016	2015
Assets		
Current and Other Assets	\$ 106,774	\$ 109,613
Long-Term Assets	61,453,480	62,640,000
Total Assets	61,560,254	62,749,613
Liabilities		
Current Liabilities	15,556	2,753
Long-Term Liabilities	61,453,480	62,640,000
Total Liabilities	61,469,036	62,642,753
Net Position		
Unrestricted	91,218	106,860
Total Net Position	\$ 91,218	\$ 106,860

The Port Authority's current assets stayed relatively consistent from 2015 to 2016. Current liabilities increased at December 31, 2016 compared to December 31, 2015 as increased program activity in 2016 led to additional accounts payable.

Long-term assets and long-term liabilities stayed relatively consistent from 2015 to 2016 as there were no new conduit debt issuances in 2016. See Note 5 to the financial statements for more information on conduit debt.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2016
(Unaudited)

Table 2 - Changes in Net Position

	2016	2015
Operating Revenues		
Charges for Services	\$ 122,548	\$ 61,668
Total Operating Revenues	122,548	61,668
Operating Expenses		
Purchased Services	92,887	14,514
Contractual Services	43,796	25,577
Intergovernmental	11,547	22,075
Total Operating Expenses	148,230	62,166
Operating (Loss)	(25,682)	(498)
Nonoperating Revenues (Expenses)		
Intergovernmental Revenue	10,000	-
Interest Revenue	40	56
Total Nonoperating Revenue (Expense)	10,040	56
Change in Net Position	(15,642)	(442)
Net Position Beginning of Year	106,860	107,302
Net Position, End of Year	\$ 91,218	\$ 106,860

During 2016, the Port Authority realized increased charges for services compared to 2015 as the Port Authority was involved with additional projects that were potentially advancing within Butler County. Further, operating expenses increased in 2016 compared to 2015 as the Port Authority increased overall program activity with the intent to drive additional development in Butler County.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2016
(Unaudited)

Capital Assets

The Port Authority reported no capital assets at December 31, 2016.

Debt

The Port Authority reported no debt at December 31, 2016.

Contacting the Port Authority

This financial report is designed to provide a general overview of the finances of the Butler County Port Authority and to show the Port Authority's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Butler County Port Authority, 315 High Street, Hamilton, Ohio 45011.

BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY
Statement of Net Position
December 31, 2016

Assets

Current Assets	
Cash and Cash Equivalents	\$ 97,706
Accounts Receivable	9,068
Total Current Assets	<u>106,774</u>
Long-Term Assets	
Receivable from Conduit Debt Recipients	<u>61,453,480</u>
<i>Total Assets</i>	<u>61,560,254</u>

Liabilities

Current Liabilities	
Accounts Payable	<u>15,556</u>
Long-Term Liabilities	
Payable to Conduit Debt Financial Institution Trustees	<u>61,453,480</u>
Current Portion of Long-term Debt	
<i>Total Liabilities</i>	<u>61,469,036</u>
Net Position	
Unrestricted	<u>91,218</u>
<i>Total Net Position</i>	<u>\$ 91,218</u>

See accompanying notes to the basic financial statements.

BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY
Statement of Revenues, Expenses
and Changes in Net Position
For the Year Ended December 31, 2016

Operating Revenues

Charges for Services	\$	122,548
<i>Total Operating Revenues</i>		122,548

Operating Expenses

Purchased Services		92,887
Contractual Services		43,796
Intergovernmental		11,547
<i>Total Operating Expenses</i>		148,230
<i>Operating (Loss)</i>		(25,682)

Non-Operating Revenues (Expenses)

Intergovernmental		10,000
Interest Revenue		40
<i>Total Non-Operating Revenues (Expenses)</i>		10,040
<i>Change in Net Position</i>		(15,642)
<i>Net Position, Beginning of Year</i>		106,860
<i>Net Position, End of Year</i>	\$	91,218

See accompanying notes to the basic financial statements.

BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash Flows from Operating Activities:

Cash Received from Customers	\$ 120,980
Cash Payments for Goods and Services	(135,427)

<i>Net Cash Provided (Used) by Operating Activities</i>	(14,447)
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Cash Flows from Non-Capital Financing Activities:

Cash Received from Other Governments	10,000
--------------------------------------	--------

<i>Net Cash Provided (Used) by Non-Capital Financing Activities</i>	10,000
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Cash Flows from Investing Activities:

Interest Received	40
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<i>Net Cash Provided (Used) by Investing Activities</i>	40
---	----

<i>Net Increase in Cash and Cash Equivalents</i>	(4,407)
--	---------

<i>Cash and Cash Equivalents at Beginning of Year</i>	102,113
---	---------

<i>Cash and Cash Equivalents at End of Year</i>	\$ 97,706
---	-----------

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

<i>Operating Loss</i>	\$ (25,682)
-----------------------	-------------

Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:

(Increase) Decrease in Assets:	
Accounts Receivable	(1,568)

Increase (Decrease) in Liabilities:	
(Decrease) Increase in Accounts Payable	12,803

<i>Net Cash Provided by Operating Activities</i>	\$ (14,447)
--	-------------

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2016

1. DESCRIPTION OF THE REPORTING ENTITY

The Butler County Port Authority (the “Port Authority”) 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. The Port Authority was established in September 2004 pursuant to section 4582.22 of the Ohio Revised Code by resolution of Butler County. The seven voting member Board of Directors directs the Port Authority.

The Port Authority provides services that are enumerated in Sections 4582.21 to 4582.29 of the Ohio Revised Code. The services include but are not limited to the power to purchase, construct, reconstruct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities.

The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all divisions and operations for which the Port Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization’s government board and able to impose its will on the organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or to impose specific financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Port Authority itself is included in the financial reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of Butler County Port Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all asset and all liabilities are included on the statement of net position. Equity (i.e., net position) consists of retained earnings. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Data

Ohio Revised Code Section 4582.39 requires the port authority to annually prepare a budget.

Ohio Revised Code Section 5705(B)(2)(a) requires the Port Authority, on or before the fifteenth day of July each year, to adopt an operating budget for the ensuing fiscal year. The operating budget should 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.

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2016

Ohio Revised Code Section 5705(B)(2)(b) requires the Port Authority to certify beginning balances on or about the first day of each fiscal year; certify revenue available for appropriation; adopt appropriations within available resources; certify the availability of funds prior to incurring obligations; and, limit expenditures to appropriations for each fund. However, documents prepared in accordance with such Sections are not required to be filed with the county auditor or county budget commission.

D. Cash and Cash Equivalents

The Port Authority maintains a cash management program whereby cash is deposited with a banking institution in Butler County. The agreements restrict activity to certain deposits. These deposits are stated at cost which approximates market value. Investment procedures are restricted by the provisions of the Ohio Revised Code. The Port Authority had no investments at the end of the year.

For purposes of the statement of cash flows and for the presentation on the statement of net position, the funds in the cash management pool are considered to be cash equivalents.

E. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the Port Authority's primary mission. For the Port Authority, operating revenues include intergovernmental contributions to fund operations and local business contributions to work on grant applications, as well as administrative fees charged to cover operating expenses. Operating expenses are necessary costs incurred to support the Port Authority's primary mission.

Non-operating revenues and expenses are those that are not generated directly by the Port Authority's primary mission. Various state grants, local government contributions, interest income and expenses comprise the non-operating revenues and expenses of the Port Authority.

F. Accrued Liabilities

In general, payables and accrued liabilities are reported as obligations regardless of whether they will be liquidated with current resources.

G. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Port Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

H. Conduit Debt Financing

One of the Port Authority's main functions is to provide Butler County companies and organizations with the ability to issue debt at a tax-exempt rate. These companies may use the Port Authority's tax-exempt status for such offerings by issuing conduit revenue bonds backed by reimbursement agreements with the Port Authority and trustee. The Port Authority has recognized both a *Receivable from Conduit Debt Recipients* and a *Payable to Conduit Debt Financial Institution Trustees* for the approximate, aggregate amount of principal outstanding on conduit debt at year end. See Note 5 for more information on conduit debt outstanding.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. DEPOSITS AND INVESTMENTS

In accordance with state statute, active deposits are designated as public deposits necessary to meet current demands on the treasury. Such 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.

Deposits

At fiscal year-end, the carrying value of the Port Authority's deposits was \$97,706 and the bank balance was \$97,706. All of the bank balance was insured by federal depository insurance. Based on criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2016, \$0 of the deposits were exposed to custodial credit risk.

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.

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2016

4. RISK MANAGEMENT

The Port Authority is covered by general liability and public official liability insurance. Settled claims have not exceeded insurance coverage in the past three years.

5. CONDUIT DEBT

The Port Authority has issued various debt obligations on behalf of other entities that constitute conduit debt. While the Port Authority has no obligation for the conduit debt, the aggregate amount of conduit debt outstanding at year end has been recognized as a Payable to Conduit Debt Financial Institution Trustees in the Port Authority's Statement of Net Position in addition to an offsetting Receivable from Conduit Debt Recipients.

Conduit debt outstanding at December 31, 2016 consisted of the following:

Greater Miami Valley YMCA	\$ 15,193,900
Liberty Center Project Series A	10,640,000
Liberty Center Project Series B	5,995,000
Liberty Center Project Series C	20,080,000
Colonial Senior Services, Inc.	6,200,000
Mother Teresa Catholic Elementary School	3,344,580
	<u>\$ 61,453,480</u>

The Greater Miami Valley YMCA conduit debt was issued for the purpose of constructing a new facility in coordination with the Middletown Regional Hospital's Atrium Facility along Interstate 75 and the refinancing of outstanding debt on other YMCA facilities in Butler County.

The Liberty Center Project Series A, B and C conduit debt was issued for the purpose of acquiring and constructing certain public infrastructure improvements in relation to the Liberty Center Project.

The Colonial Senior Services, Inc. conduit debt was issued for the purpose of constructing a new rehabilitation facility in the City of Hamilton.

The Mother Teresa Catholic Elementary School conduit debt was issued for the purpose of expanding the Mother Teresa Catholic Elementary School in Liberty Township.

6. SUBSEQUENT EVENT

Subsequent to year end, the Port Authority issued one new debt obligation on behalf of another entity that constitutes conduit debt for \$22 million.



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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 31, 2017

Butler County Port Authority
Butler County
315 High Street
Hamilton, Ohio 45011

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 **Butler County Port Authority**, Butler County, (the Port Authority), a component unit of Butler County, as of and for the year ended December 31, 2016, 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 31, 2017.

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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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 2016-001.

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

**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

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 67% of the expenditures tested. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016
(CONTINUED)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001 (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 – We acknowledged in 2016 that our previous reporting did not have the purchase orders required. We therefore changed our procedures in 2016 in order to create a purchase order system, however we acknowledge that the purchase orders require further work to make them fully compliant. We have made changes and are now functioning as we believe is required.

**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2015-001	Ohio Revised Code Section 5705.41(D)(1)	No	Partially Corrected; repeated as finding 2016-001

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Dave Yost • Auditor of State

BUTLER COUNTY PORT AUTHORITY

BUTLER 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 6, 2017**