



Mary Taylor, CPA
Auditor of State

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets Proprietary Fund - December 31, 2007	9
Statement of Net Assets Proprietary Fund - December 31, 2006	10
Statement of Revenues, Expenses, and Changes in Net Assets Proprietary Fund - December 31, 2007	11
Statement of Revenues, Expenses, and Changes in Net Assets Proprietary Fund - December 31, 2006	12
Statement of Cash Flows Proprietary Fund - For the Years Ended December 31, 2007 and 2006.....	13
Notes to the Financial Statements	15
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Schedule of Prior Audit Findings.....	29

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Coshocton Port Authority
Coshocton County
106 South Fourth Street
Coshocton, Ohio 43812

To the Board of Directors:

We have audited the accompanying basic financial statements of the Coshocton Port Authority, Coshocton County, Ohio, (the Port Authority) as of and for the years ended December 31, 2007 and 2006, as listed in the Table of Contents. These financial statements are the responsibility of the Port Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Coshocton Port Authority, Coshocton County, Ohio, as of December 31, 2007 and 2006, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2008, 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. We previously issued a report dated January 13, 2007 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 for the year ended December 31, 2006. While we did not opine on the internal control over financial reporting or on compliance, those reports describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read them in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 20, 2008

COSHOCTON PORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 (UNAUDITED)

The discussion and analysis of the Coshocton Port Authority's (Port Authority) financial performance provides an overall review of the Port Authority's financial activities for the years ended December 31, 2007, 2006 and 2005. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole; readers are encouraged to consider information presented here as well as the basic financial statements to enhance their understanding of the Port Authority's financial performance.

Using this Financial Report

This annual report consists of two parts, the MD&A and the basic financial statements. The basic financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets and a statement of cash flows. Since the Port Authority only uses one fund for its operations, the entity-wide and the fund presentation information is the same.

Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Net Assets answers the question, "How did we do financially during 2007 and 2006" This statement includes all assets and liabilities, both financial and capital, and current and long-term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. The basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

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

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

In the statement of net assets and the statement of activities, the Port Authority consists of primarily one type of activity:

Business Type Activities – All activities of the Port Authority are conducted under one fund and consist of activities to market, coordinate, and develop economic growth and activity in Coshocton County.

COSHOCTON PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED)

Table 1 provides a summary of the Port Authority's net assets for 2007, 2006 and 2005.

(Table 1)
Net Assets

	2007	2006	2005
Assets:			
Current and other assets	\$278,353	\$172,969	\$180,032
Capital assets	311,823	313,418	885,877
Other non-current assets	615,603	1,059,127	762,422
Total Assets	<u>\$1,205,779</u>	<u>\$1,545,514</u>	<u>\$1,828,331</u>
Liabilities:			
Current Liabilities	\$14,038	\$1,965	\$2,745
Long-term liabilities	657,013	953,435	953,435
Total Liabilities	<u>\$671,051</u>	<u>\$955,400</u>	<u>\$956,180</u>
Net Assets			
Invested in capital assets, net of related debt	(\$345,190)	(\$640,017)	(\$67,558)
Unrestricted	879,918	1,230,131	939,709
Total Net Assets	<u>\$534,728</u>	<u>\$590,114</u>	<u>\$872,151</u>

Total assets decreased by \$339,735 in 2007. The decrease is the result of revolving loan losses of \$77,371, partially offset by recovery of \$17,715 of a prior theft loss and a \$300,000 grant receivable that was receipted in 2007. In 2006, total assets decreased by \$282,817 due primarily to the sale of land to the Ethanol Plant.

Total liabilities decreased in 2007 by \$284,349. The decrease is due to City of Coshocton receiving the Appalachian Region Commission grant revenue in 2007.

Table 2 shows the changes in net assets for the years ended December 31, 2007, 2006 and 2005. Total net assets decreased by \$55,386 in 2007. This is primarily the result of revolving loan losses in the amount of \$77,371. This loss was offset by the receipt of \$17,715 in restitution towards the prior year theft losses.

COSHOCTON PORT AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED)**

(Table 2)

Revenues and Expenses

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating Revenues:			
JEDD Revenues	\$61,370	\$22,699	\$7,810
Intergovernmental Revenues	402,500	98,000	143,056
Fee Revenue	10,500		
Foundation and Corporate Contribution	6,750		71,000
Revolving Loan Interest	9,607	6,334	7,133
Land Rent	1,174	1,049	
Other Revenue	<u>6,201</u>	<u>131</u>	<u>20,655</u>
Total Operating Revenues	498,102	128,213	249,654
Non-Operating Revenues:			
Intergovernmental grant revenue			800,000
Theft Loss recovery	17,715		
Interest Income	<u>4,208</u>	<u>2,185</u>	<u>6,724</u>
Total Non-Operating Revenues	<u>21,923</u>	<u>2,185</u>	<u>806,724</u>
Total Revenues	520,025	130,398	1,056,378
Operating Expenses:			
Salaries and Benefits	101,351	78,684	127,710
Contractual Services	50,633	43,117	78,408
Site Development			300,000
Materials and Supplies	4,794	1,888	5,789
Insurance	9,000	6,804	6,302
Travel and Vehicle	2,451	2,757	4,926
Rent	3,963	5,994	5,500
Utilities	6,098	5,407	7,789
Depreciation	2,095	2,045	5,299
Other	<u>3,508</u>	<u>11,631</u>	<u>5,491</u>
Total Operating Expenses	<u>183,893</u>	<u>158,327</u>	<u>547,214</u>
Non-Operating Expenses:			
Intergovernmental grant expense		11,750	
Interest and Fiscal Charges	14,147	12,102	9,307
Loan losses	77,371		
Loss on sale of assets	300,000	201,271	
Theft Expense	<u></u>	<u>28,985</u>	<u>31,941</u>
Total Non-operating Expenses	391,518	254,108	41,248
Total Expenses	<u>575,411</u>	<u>412,435</u>	<u>588,462</u>
Increase in Net Assets	<u>(55,386)</u>	<u>(282,037)</u>	<u>467,916</u>

COSHOCTON PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED)

Capital Assets

At the end of year 2007, the Port Authority had \$311,823 invested in land held for development and office equipment. Table 3 shows fiscal year 2007, 2006 and 2005.

(Table 3)
Capital Assets
(Net of Depreciation)

	2007	2006	2005
Land held for development	\$308,135	\$308,135	\$862,331
Vehicles	0	0	21,339
Office equipment	10,725	10,225	10,225
Less: accumulated depreciation	(7,037)	(4,942)	(8,018)
Totals	\$311,823	\$313,418	\$885,877

The \$1,595 decrease in capital assets in 2007 was attributable primarily to depreciation. The decrease of \$572,459 in 2006 was attributable to the sale of land for development of the ethanol plant. Note 3 provides capital asset activity during 2007 and 2006.

Long-Term Debt

The outstanding debt for the Port Authority as of December 31, 2007 and 2006 was \$657,013 and \$953,435, respectively. This balance reflected an increase of \$3,578 of accrued interest rolled into the loan balance upon renewing the loan in 2007 and the repayment of \$300,000 from the previous year's balance is a result of receiving loan proceeds from the City of Coshocton. Table 4 summarizes outstanding debt.

(Table 4)
Debt

	2007	2006	2005
Loans Payable	\$657,013	\$953,435	\$953,435

Additional information concerning the Port Authority's debt can be found in Note 6 to the basic financial statements.

COSHOCTON PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED)

Current Issues

Loan Issues

During 2007, loans to two borrowers were written off as uncollectible. The nature of the revolving loan fund involves making higher risk loans in an effort to stimulate economic activity in the community and create jobs. Early in 2007, management engages a consultant to review its' loan policies and portfolio, resulting in recommendations for improvements, which the board adopted. All remaining loans are currently active and up to date. One new loan was made during 2007.

Sale of Ross Property

In May 2006, the Port Authority sold approximately 50 acres of the "Ross Property" to the Ethanol LLC for the purpose of developing an ethanol manufacturing facility. The property was sold for \$60,000 in and resulted in a loss during 2006 of \$494,300. This loss was anticipated, and is primarily offset by the receipt of \$500,000 grant in 2005 obtained for the purpose of acquiring the property for the ethanol plant. Approximately 14 acres of the property was retained by the Port Authority, and is being leased to Coshocton Ethanol LLC over 20 years.

Contacting the Coshocton Port Authority's Financial Management

This financial report is intended to provide our citizens, investors and creditors with a general overview of the Port Authority's finances and to demonstrate the Port Authority's accountability for the revenue it receives. If you have questions about this report or need additional financial information, contact the Executive Director at the Coshocton Port Authority, 106 South Fourth Street, Coshocton, Ohio 43812.

This page intentionally left blank.

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2007**

	2007
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$252,680
JEDD Taxes Receivable	25,673
<i>Total Current Assets</i>	278,353
<i>Noncurrent Assets:</i>	
Nondepreciable Capital Assets	308,135
Depreciable Capital Assets - Net	3,688
Loans Receivable - Revolving Loan	115,603
Note Receivable - City of Coshocton	500,000
<i>Total Noncurrent Assets</i>	927,426
 <i>Total Assets</i>	 \$1,205,779
Liabilities:	
<i>Current Liabilities:</i>	
Accrued Payroll	\$3,075
Intergovernmental Payable	10,963
<i>Total Current Liabilities</i>	14,038
<i>Long-Term Liabilities:</i>	
Loans Payable	657,013
<i>Total Liabilities</i>	\$671,051
Net Assets:	
Invested in Capital Assets, net of related debt	(\$345,190)
Unrestricted	879,918
<i>Total Net Assets</i>	\$534,728

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

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2006**

	2006
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$166,280
JEDD Taxes Receivable	6,689
Total Current Assets	172,969
<i>Noncurrent Assets:</i>	
Nondepreciable Capital Assets	308,135
Depreciable Capital Assets - Net	5,283
Notes Receivable - City of Coshocton	800,000
Loans Receivable - Revolving Loan	259,127
Total Noncurrent Assets	1,372,545
<i>Total Assets</i>	\$1,545,514
Liabilities:	
<i>Current Liabilities:</i>	
Intergovernmental Payable	\$1,965
<i>Total Current Liabilities</i>	1,965
<i>Long-Term Liabilities:</i>	
Loans Payable	953,435
<i>Total Liabilities</i>	\$955,400
Net Assets:	
Invested in Capital Assets, net of related debt	(\$640,017)
Unrestricted	1,230,131
<i>Total Net Assets</i>	\$590,114

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

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	2007
OPERATING REVENUES:	
JEDD Tax Revenue	\$61,370
Intergovernmental Revenues	402,500
Fee Revenue	10,500
Local Foundation Contributions	6,750
Revolving Loan Interest	9,607
Land Rent	1,174
Other Revenue	6,201
	498,102
OPERATING EXPENSES:	
Salaries and Benefits	101,351
Contractual Services	50,633
Materials & Supplies	4,794
Site Development	0
Insurance and Bonding	9,000
Travel and Auto	2,451
Rent	3,963
Utilities	6,098
Depreciation	2,095
Other	3,508
	183,893
Total Operating Revenues	498,102
Total Operating Expenses	183,893
Operating Income	314,209
NON-OPERATING REVENUES (EXPENSES):	
Intergovernmental Grant Revenues	0
Interest Income	4,208
Interest and Fiscal Charges	(14,147)
Loan losses	(77,371)
Loss on Sale of Assets	(300,000)
Theft Loss Recovery (Expense)	17,715
	(369,595)
Total Non-Operating Revenues (Expenses)	(369,595)
Change in Fund Net Assets	(55,386)
Net Assets Beginning of Year	590,114
Net Assets End of Year	\$534,728

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

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006
OPERATING REVENUES:	
JEDD Tax Revenue	\$22,699
Local Intergovernmental Revenues	98,000
Revolving Loan Interest	6,334
Land Rent	1,049
Other Revenue	131
	131
Total Operating Revenues	\$128,213
OPERATING EXPENSES:	
Salaries and Benefits	78,684
Contractual Services	43,117
Materials and Supplies	1,888
Insurance and Bonding	6,804
Travel and Auto	2,757
Rent	5,994
Utilities	5,407
Program Expense	0
Depreciation	2,045
Other	11,631
	11,631
Total Operating Expenses	158,327
Operating Income	(30,114)
NON-OPERATING REVENUES (EXPENSES):	
Intergovernmental Grant Expenses	(11,750)
Interest Income	2,185
Interest and Fiscal Charges	(12,102)
Theft loss recovery (expense)	(28,985)
Loss on Sale of Assets	(201,271)
	(201,271)
Total Non-Operating Revenues (Expenses)	(251,923)
Change in Fund Net Assets	(282,037)
Net Assets Beginning of Year	872,151
	872,151
Net Assets End of Year	\$590,114
	\$590,114

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

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants and contributions	\$419,750	\$98,000
Cash received from taxes	42,386	18,868
Cash received as revolving loan fund interest	9,607	6,334
Cash received from rent and other	6,145	1,180
Cash payments to employees for services and benefits	(98,276)	(78,684)
Cash payments for contractual services	(50,633)	(43,117)
Cash payments for other operating expenses	(19,586)	(35,261)
	309,393	(32,680)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Intergovernmental grants or contributions made	0	(11,750)
Theft loss recovery (expense)	17,715	(28,985)
	17,715	(40,735)
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:		
Revolving loan fund loans made	(20,000)	(18,000)
Revolving loan fund payments received	86,153	21,188
	0	-
Proceeds from Sale of Property	0	69,250
Purchase of office equipment and vehicles	(500)	0
Loan Payments	(300,000)	0
	(234,347)	72,438
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	4,208	2,185
Interest and Fiscal Charges paid on debt	(10,569)	(12,102)
	(6,361)	(9,917)
Net cash provided by (used for) investing activities	(6,361)	(9,917)
Net increase (decrease) in cash	86,400	(10,894)
Cash and cash equivalents, beginning of year	166,280	177,174
Cash and cash equivalents, end of year	\$252,680	\$166,280
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES		
Net operating income (loss)	\$314,209	(\$30,114)
Adjustments to reconcile net operating income (loss) to net cash from operating activities:		
Depreciation	2,095	2,045
(Increase) decrease in receivables	(18,984)	(3,831)
(Increase) decrease in accrued wages	3,075	0
Increase (decrease) in intergovernmental payables	8,998	(780)
Net cash provided by (used for) operating activities	\$309,393	(\$32,680)

The accompanying notes are an integral part of the financial statements.

This page intentionally left blank.

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Coshocton Port Authority (the Port Authority) is presented to assist in understanding the entity's financial statements. The financial statements and notes are representations of the entity's management and board who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles for governmental agencies including those principles prescribed by the Governmental Accounting Standard Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of States, Local Governments, and Not-For-Profit Organizations Receiving Federal Awards* and by The Financial Accounting Standards Board (FASB) (when applicable). The above policies have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The Coshocton Port Authority, Coshocton County, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio pursuant to the authority of Section 4582.21 to 4582.59 of the Ohio Revised Code. The Port Authority is governed by a five-member Board of Directors. Two members of the Board are appointed by the Mayor of the City and approved by Council of the City of Coshocton. Two members are appointed by the Coshocton County Commissioners and the fifth appointment shall be approved by the four current members. The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide, or promote transportation, economic development, education, governmental operations, culture, or research within Coshocton County.

The Port Authority is not a component unit of the City of Coshocton or Coshocton County but the members of the Port Authority's board are appointed by the City Council and Coshocton County Board of Commissioners and the Port Authority is economically dependent on the City and County for financial support. Neither the City of Coshocton Council nor the Coshocton County Commissioners have any authority regarding the day-to-day activities and business affairs of the Port Authority beyond the creation of the Port Authority and the appointment of its Board of Directors. The City of Coshocton and Coshocton County maintain their own accounting functions, are separate reporting entity, and their financial activity is not included within the financial statements of the Port Authority.

The Port Authority's management believes these financial statements present all activities for which the Port Authority is financial accountable. The Port Authority was formed in January 2003.

B. Basis of Accounting

The financial statements of the Port Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, provided they do not conflict with or contradict GASB pronouncements.

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

The Port Authority's financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

The Port Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

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

C. Measurement Focus

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

D. Fund Accounting

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

E. Budgetary Process

Ohio Revised Code Section 4582.13, requires that each fund be budgeted annually. This budget includes estimated receipts and appropriations.

1. Appropriations

The Board annually approves appropriations and subsequent amendments. Budgetary expenses (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Port Authority reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over and are not reappropriated.

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Noncompliance

Contrary to Ohio Rev. Code Section 5705.41(D), the Port Authority did not always use the encumbrance method of accounting and had expenses which were not certified by the Treasurer or Executive Director as to the availability of funds, prior to incurring the obligation.

F. Capital Assets

Capital assets utilized by the Port Authority are reported on the statement of net assets. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are reported at their fair market values as of the date received. The Port Authority has not established a minimum capitalization threshold for capital assets. Improvements are capitalized, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Depreciation is computed using the straight-line method over the following useful lives:

Land	N/A
Vehicles	5 Years
Office Equipment	5 Years

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Port Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Port Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Port Authority did not have any restricted net assets for 2007 and 2006.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Port Authority, these revenues are operating grants, JEDD tax revenues, revolving loan interest and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Port Authority.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 2 - CASH

State statutes classify monies held by the Port Authority into three categories.

Active deposits are 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.

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

Interim deposits are deposits of interim monies. Interim moneys are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Port Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 2 - CASH - (Continued)

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Port Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits with Financial Institutions

At December 31, 2007 and 2006, the carrying amount of the Port Authority's deposits were \$252,680 and \$166,280, respectively. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2007 and 2006, \$152,680 and \$66,280, respectively, of the Port Authority's bank balances of \$255,975 and \$166,380, respectively were exposed to custodial risk as discussed below, while \$100,000 was covered by Federal Deposit Insurance Corporation each year.

Custodial credit risk is the risk that, in the event of bank failure, the Port Authority's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Port Authority.

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2007 was as follows:

	<u>Balance 1/1/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2007</u>
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$308,135	\$0	\$0	\$308,135
<i>Total Capital Assets, Not Being Depreciated</i>	<u>308,135</u>	<u>0</u>	<u>0</u>	<u>308,135</u>
<i>Capital Assets, Being Depreciated:</i>				
Vehicles	0	0	0	0
Office Equipment	10,225	500	0	10,725
<i>Total Capital Assets, Being Depreciated</i>	<u>10,225</u>	<u>500</u>	<u>0</u>	<u>10,725</u>
<i>Less: Accumulated Depreciation:</i>				
Vehicles	0	0	0	0
Office Equipment	(4,942)	(2,095)	0	(7,037)
<i>Total Accumulated Depreciation</i>	<u>(4,942)</u>	<u>(2,095)</u>	<u>0</u>	<u>(7,037)</u>
Total Capital Assets Being Depreciated, Net	<u>5,283</u>	<u>(1,595)</u>	<u>0</u>	<u>3,688</u>
Capital Assets, Net	<u>\$313,418</u>	<u>(\$1,595)</u>	<u>\$0</u>	<u>\$311,823</u>

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 3 - CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended December 31, 2006 was as follows:

	<u>Balance 1/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2006</u>
Capital Assets, Not Being Depreciated:				
Land	\$862,331	\$104	(\$554,300)	\$308,135
Total Capital Assets, Not Being Depreciated	<u>862,331</u>	<u>104</u>	<u>(554,300)</u>	<u>308,135</u>
Capital Assets, Being Depreciated:				
Vehicles	21,339	0	(21,339)	0
Office Equipment	10,225	0	0	10,225
Total Capital Assets, Being Depreciated	<u>31,564</u>	<u>0</u>	<u>(21,339)</u>	<u>10,225</u>
Less: Accumulated Depreciation:				
Vehicles	(5,121)	0	5,121	0
Office Equipment	(2,897)	(2,045)	0	(4,942)
Total Accumulated Depreciation	<u>(8,018)</u>	<u>(2,045)</u>	<u>5,121</u>	<u>(4,942)</u>
Total Capital Assets Being Depreciated, Net	<u>23,546</u>	<u>(2,045)</u>	<u>(16,218)</u>	<u>5,283</u>
Capital Assets, Net	<u>\$885,877</u>	<u>(\$1,941)</u>	<u>(\$570,518)</u>	<u>\$313,418</u>

NOTE 4 - DEFINED BENEFIT PENSION PLANS

Pension Benefit Obligation

The Port Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 4 - DEFINED BENEFIT PENSION PLAN - (Continued)

For the year ended December 31, 2007, members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salary to fund pension obligations. The Port Authority's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Port Authority's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$10,746, \$11,868 and \$15,934, respectively. The full amount has been contributed for 2007, 2006, and 2005.

Post-Employment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 employer contribution rate was 13.85 percent of covered payroll; 5.00 percent was the portion used to fund health care for the period January 1, 2007 through June 30, 2007 and 6.00 percent for the period July 1, 2007 through December 31, 2007.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979. OPERS's net assets available for the payment of benefits at December 31, 2006 (the latest information available), was \$12.0 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2005, with no prior service credit accumulated toward health care coverage. The Choices Plan will incorporate a cafeteria approach offering a broader range of health care options. The Choices Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Choices Plan will also offer a spending account feature enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a medical spending account.

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 5 - RISK MANAGEMENT

The Port Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters.

The Port Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions
- General liability and casualty
- Directors and Officers

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from the prior year.

NOTE 6 - NOTES PAYABLE

In September 2004, the Board of Directors authorized the Treasurer and Chairman to enter into a \$153,435 loan with Ohio Heritage Bank to enable the Port Authority to acquire the former Community Improvement Corporation property. The full \$153,435 matured in September 2007 and was renewed in December 2007, with \$2,554 of unpaid interest and \$1,324 of loan costs being added to the principal balance. This is a one year loan with an interest rate of 5%.

In November 2005, the Board of Directors authorized the Executive Director enter into a \$500,000 loan to enable the Port Authority to purchase the Ross Property as an Ethanol Plant Site. Terms of the loan will include a 0% interest rate for the first five years and a 3.25% rate for years six through fifteen or until paid.

In November 2005, the Board of Directors authorized the Executive Director to enter into a \$300,000 loan from the City of Coshocton to assist in the purchase of the Ethanol Site. Terms of the loan include a 0% interest rate with repayment designated as future proceeds of a Port Authority Appalachian Regional Commission Grant once phase III of the project is completed.

In May 2007, the \$300,000 loan from the City of Coshocton was repaid with the proceeds of the ARC grant.

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 6 - NOTES PAYABLE – (Continued)

Changes in note obligations of the Port Authority during the year ended December 31, 2007 consisted of the following:

	Outstanding 1/1/2007	Additions	Reductions	Outstanding 12/31/2007	Amounts Due In One Year
Ohio Heritage Bank Note	\$153,435	\$157,013	(\$153,435)	\$157,013	\$157,013
ODOD Rural Industrial Park Loan	500,000	0	0	500,000	0
City of Coshocton Loan	300,000	0	(300,000)	0	0
Total	\$953,435	\$157,013	(\$453,435)	\$657,013	\$157,013

Changes in note obligations of the Port Authority during the year ended December 31, 2006 consisted of the following:

	Outstanding 1/1/2006	Additions	Reductions	Outstanding 12/31/2006	Amounts Due In One Year
Ohio Heritage Bank Note	\$153,435	\$0	\$0	\$153,435	\$153,435
ODOD Rural Industrial Park Loan	500,000	0	0	500,000	0
City of Coshocton Loan	300,000	0	0	300,000	0
Total	\$953,435	\$0	\$0	\$953,435	\$153,435

The annual requirements to retire debt are as follows:

Year	Principal	Interest	Total
2008	\$157,013	\$ 7,851	\$ 164,864
2009	0	0	0
2010	10,761	3,723	14,484
2011	43,859	14,077	57,936
2012	45,193	12,743	57,936
2013-2017	247,441	42,242	289,683
2018-2022	152,746	6,578	159,324
Totals	\$ 657,013	\$ 87,214	\$ 744,227

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Port Authority maintains its activities within the Coshocton County, Ohio geographical area. The performance of its operational activities will be dependent on the performance of its tenants. The results of these companies and the operations of the Port Authority projects may be dependent on the economical conditions of the local trade area.



Mary Taylor, CPA

Auditor of State

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

Coshocton Port Authority
Coshocton County
106 South Fourth Street
Coshocton, Ohio 43812

To the Board of Directors:

We have audited the basic financial statements of the Coshocton Port Authority, Coshocton County, Ohio, (the Port Authority) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated August 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Port Authority's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Port Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Port Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Port Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Port Authority's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

However, we noted a certain matter related to internal control over financial reporting that we have reported to the Port Authority's management in a separate letter dated August 20, 2008.

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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* as item 2007-001.

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

We also noted a certain noncompliance or other matter that we reported to the Port Authority's management in a separate letter dated August 20, 2008.

We intend this report solely for the information and use of management and the Port Authority's Board of Directors. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 20, 2008

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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 expenditures 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 Port Authority 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.

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

FINDING NUMBER 2007-001 (Continued)

All of the expenditures tested in 2006 and three of seventeen (17%) tested in 2007 were not certified by the Port Authority prior to incurring the obligation. It was also found that none of the exceptions above were utilized for the items found to be in noncompliance. The Port Authority should obtain the required certification from the County Auditor prior to the expenditure of monies. The Port Authority should certify the availability of funds for expenditure and also implement the use of Then and Now Certificates as further means to certify funds pursuant to Ohio Rev. Code Section 5705.41(D). Also, the Port Authority did not establish a limit to be used on their blanket purchase orders. Even though all purchase orders are approved by the Port Authority Board Members, the Port Authority should establish limits on blanket purchase orders as required by this section of code.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursement and to help reduce the possibility of the Port Authority's funds exceeding budgetary spending limitations, we recommend that the Fiscal Administrator certify that the 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 Administrator should also 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 Administrator should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response: The Port Authority would like to acknowledge the lack of compliance as noted in your finding 2007-001. After implementing major improvements to procedures in early 2007, we understood that certain matters of compliance would be an issue during 2006, and parts of 2007. We believe that any instances of noncompliance are primarily the result of our small size, and the difficulty in implementing procedures designed primarily for larger, decentralized entities. As we learn to use options such as the various certificates mentioned in your finding, we believe noncompliance will become increasingly rare.

**COSHOCTON PORT AUTHORITY
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-001	Finding for Recovery against the Former Director in the amount of \$63,800.58 for public monies illegally expended.	Finding No Longer Valid	Payments are being made through the Coshocton County Common Pleas Court.
2005-002	Finding for Recovery against the Former Director in the amount of \$562.31 for retroactive pay overpayment.	Finding No Longer Valid	Payments are being made through the Coshocton County Common Pleas Court.
2005-003	Finding for Recovery against the Former Secretary in the amount of \$323.08 for salary overpayment.	Yes	Repaid.
2005-004	Ohio Rev. Code Section 5705.41(D) - expenses were not properly certified	No	Refer to Finding 2007-001.
2005-005	Ohio Rev. Code Sections: 102.03(D); 2921.42(A)(1); and 2921.42 (A)(1) prohibiting the use of authority or influence of his office in securing anything of value.	Yes	Director and Secretary no longer are employed by the Port Authority.
2005-006	Monthly reports should be given and approved by the Board and monthly reconciliations should be performed	Partially Corrected	Reconciliations are being performed but no budget vs actual reports are being submitted to the board. See Management Letter.
2005-007	Credit Card Policy	Yes	Adopted a credit card policy.



Mary Taylor, CPA
Auditor of State

COSHOCTON COUNTY PORT AUTHORITY

COSHOCTON 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
OCTOBER 9, 2008**