CONNEAUT PORT AUTHORITY
ASHTABULA COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2015

CONNEAUT PORT AUTHORITY
ASHTABULA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2015

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Conneaut Port Authority
Ashtabula County
P.O. Box 218
Conneaut, Ohio 44030

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Conneaut Port Authority, Ashtabula County, (the Port Authority), a component unit of the City of Conneaut, as of and for the year ended December 31, 2015, 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 audit 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 Conneaut Port Authority, Ashtabula County, Ohio, as of December 31, 2015, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2015, the Port Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

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* and schedules of net pension liabilities and pension contributions 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 June 29, 2016, 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.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

June 29, 2016

The discussion and analysis of the Conneaut Port Authority's (the Port Authority) financial performance provides an overall review of the Port Authority's financial activities for the year ended December 31, 2015. 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 financial statements to enhance their understanding of the Port Authority's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2015 are as follows:

Net position decreased by $88,454 which represents a 7.7% decrease from 2014.

Total assets decreased $109,140, which represents a 7.0% decrease from 2014. Total liabilities decreased $14,118 which represents a 3.2% decrease from 2014.

The Port Authority implemented GASB 68 during the fiscal year, which resulted in the inclusion of a net pension liability of $113,297 and restatement of the 2014 net position. For more information on changes due to the implementation, see Notes 3 and 9.

Total cash increased $36,886 or 24.8% due to the timing of operating receipts and expenditures.

Net Investment in Capital Assets decreased $116,210, or 9.7% due to recording of current year depreciation expense.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Conneaut Port Authority as an entire operating entity.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Conneaut Port Authority presenting both an aggregated view of the Port Authority's finances and a longer-term view of that position.

REPORTING THE CONNEAUT PORT AUTHORITY AS A WHOLE

The Port Authority's single fund is an enterprise fund with reporting focused on the determination of the change in net position, financial position and cash flows. An enterprise fund accounts for any activity for which a fee is charged to external users.

While this document contains information about the fund used by the Port Authority to provide services to its customers, the view of the Port Authority as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The financial statements answer this question. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the Port Authority's net position and the changes in net position. This change in net position is important because it tells the reader whether for the Port Authority as a whole, the financial position of the Port Authority has improved or diminished.

The Port Authority utilizes only one propriety fund to account for charges to customers for services provided such as dock rental or boat launching fees.

THE CONNEAUT PORT AUTHORITY AS A WHOLE

The Statement of Net Position looks at the Port Authority as a whole. Table 1 provides a summary of the Port Authority's net position for 2015 compared to 2014.

(TABLE 1)
NET POSITION

	Business Type Activities		
		(Restated)	
	2015	2014	Change
ASSETS			
Current and Other Assets	$ 200,375	$ 163,305	37,070
Capital Assets, Net of Depreciation	1,257,325	1,403,535	(146,210)
			-
Total Assets	1,457,700	1,566,840	(109,140)
DEFERRED OUTFLOWS OF RESOURCES			
Pension - OPERS	22,739	14,117	8,622
LIABILITIES			
Current and Other Liabilities	131,070	117,607	(13,463)
Long-term Liabilities due within One Year	30,000	30,000	-
Long-term Liabilities due in more than One Year	263,297	290,878	27,581
			-
Total Liabilities	424,367	438,485	14,118
			-
DEFERRED INFLOWS OF RESOURCES			
Pension - OPERS	2,054	-	(2,054)
NET POSITION			
Net Investment In Capital Assets	1,077,325	1,193,535	(116,210)
Unrestricted	(23,307)	(51,063)	27,756
Total Net Position	$ 1,054,018	$ 1,142,472	(88,454)

Total assets decreased $109,140. Current and other assets increased $37,070, due to the timing of receipts and expenditures.

Net position decreased $88,454 which includes capital asset depreciation for the current year of $171,210.

Table 2 shows the changes in net position for the year ended December 31, 2015, compared to the year ended December 31, 2014.

(TABLE 2)
CHANGES IN NET POSITION

	Business-Type Activities		
	2015	2014	Change
OPERATING REVENUES			
Dockage	$ 392,627	$ 391,077	$ 1,550
Property Lease	56,129	51,902	4,227
Other Revenue	125	607	(482)
Total Operating Revenues	448,881	443,586	5,295
OPERATING EXPENSES			
Salaries and Benefits	165,125	145,910	19,215
Contractual Services	38,892	41,463	(2,571)
Insurance	17,854	17,912	(58)
Utilities	42,635	37,277	5,358
Materials and Supplies	115,259	77,701	37,558
Depreciation Expense	171,210	171,777	(567)
Other Expenses	2,546	6,681	(4,135)
Total Operating Expenses	553,521	498,721	54,800
Operating Loss	(104,640)	(55,135)	(49,505)
NON-OPERATING REVENUES(EXPENSES)			
Total Non-operating Revenues/Expenses	16,186	(2,031)	18,217
Change in Net Position	$ (88,454)	$ (57,166)	$ (31,288)
Net Position Beginnng of Year - Restated	1,142,472	n/a	n/a
Net Position End of Year	$ 1,054,018	$ 1,142,472	$ (88,454)

Total Operating Expenses increased $54,800, or 10.9%, due primarily to an increase of maintenance and repair projects.

The information necessary to restate the 2014 beginning balances and 2014 pension expense amounts for the effects of the initial implantation of GASB No. 68 is not available. Therefore, 2014 functional expenses still include pension expense of $14,117 computed under GASB No. 27. GASB No. 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB No. 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB No. 68, the 2015 statement reports pension expense of $12,522.

In order to compare 2015 total program expenses to 2014, the follow adjustments are needed.

Total 2015 GASB 68 program expenses	553,521
Pension expense under GASB 68	(12,522)
2015 contractually required contributions	16,671
Adjusted 2015 program expenses	557,670
Total 2014 program expenses under GASB 27	498,721
Change in program expenses not related to pension	58,949

CAPITAL ASSETS

The largest portion of the Authority's net positon is its net investment in capital assets. The Authority uses these capital assets to provide services to the businesses and public using the Authority. Table 3 shows 2015 balances compared with 2014.

(Table 3)
CAPITAL ASSETS AT DECEMBER 31, 2015 (NET OF DEPRECIATION)

	Business-Type Activities		
	2015	2014	Change
Land	$ 38,496	$ 38,496	$ -
Land Improvements	31,021	31,021	-
Other Nondepreciable Assets	55,012	55,012	-
Construction In Progress	25,000	-	25,000
Building and Improvements	226,567	332,454	(105,887)
Dock Improvments	856,193	908,185	(51,992)
Vehicles	3,166	5,166	(2,000)
Machinery and Equipment	21,870	33,201	(11,331)
Totals	$ 1,257,325	$ 1,403,535	$ (146,210)

Capital assets decreased $146,210 due to the recording of current year depreciation, offset by $25,000 in construction in progress at the end of the year recorded for work completed on the 2016 dock project. For additional information refer to Note 5 of the basic financial statements.

DEBT

At December 31, 2015 the Port Authority had $180,000 in a long-term obligation to the City of Conneaut to re-pay notes issued on behalf of the Port Authority for dock improvements. The balance of the line of credit, used for operating expenses, was zero at year end. For additional information refer to Notes 7 and 8 of the basic financial statements.

THE FUTURE

The Port Authority is strong financially; planning to continue with the capital improvements to the marinas and aggressively pursuing economic growth for the community.

CONTACTING THE PORT AUTHORITY TREASURER

This financial report is designed to provide the board with a general overview of the Port Authority's finances and to show the Port Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Wally Dunne, Treasurer, P.O. Box 218, Conneaut, Ohio 44030, 440-593-1300, or e-mail at cpaadmin@conneautportauthority.com.

CONNEAUT PORT AUTHORITY
ASHTABULA COUNTY
Statement of Net Position
December 31, 2015

		Port Authority
Assets		
Cash	$	185,644
Prepaid Expenses		10,472
Gasoline Inventory		4,259
Nondepreciable Capital Assets		149,529
Depreciable Capital Assets, Net		1,107,796
Total Assets		1,457,700
Deferred Outflows of Resources		
Pension		22,739
Liabilities		
Accounts Payable		4,365
Accrued Wages and Benefits		8,881
Unearned Revenue		113,852
Deposits on Future Revenue		3,560
Current Portion of Long-term Debt		30,000
Accrued Interest Payable		412
Long-Term Debt, Net of Current Portion		150,000
Net Pension Liability		113,297
Total Liabilities		424,367
Deferred Inflows of Resources		
Pension		2,054
Net Position		
Net Investment In Capital Assets		1,077,325
Unrestricted		(23,307)
Total Net Position	$	1,054,018

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

CONNEAUT PORT AUTHORITY
ASHTABULA COUNTY
Statement of Revenues, Expenses
and Changes in Net Position
For the Year Ended December 31, 2015

	Port Authority
Operating Revenues	
Dockage	$ 392,627
Property Lease	56,129
Other Revenues	125
Total Operating Revenues	448,881
Operating Expenses	
Salaries and Benefits	165,125
Contractual Services	38,892
Insurance	17,854
Utilities	42,635
Materials and Supplies	115,259
Depreciation Expense	171,210
Other	2,546
Total Operating Expenses	553,521
Operating (Loss)	(104,640)
Non-Operating Revenues (Expenses)	
Contributions	14,637
Other Non-Operating Income	5,072
Sale of Scrap	1,265
Unrealized Loss on Inventory	(71)
Interest Expense	(4,717)
Total Non-Operating Revenues (Expenses)	16,186
Change in Net Position	(88,454)
Net Position, Beginning of Year - Restated (See Note 3)	1,142,472
Net Position, End of Year	$ 1,054,018

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

CONNEAUT PORT AUTHORITY
ASHTABULA COUNTY
Statement of Cash Flows
For the Year Ended December 31, 2015

		Port Authority
Cash Flows from Operating Activities:		
Cash Received from Customers	$	462,137
Cash Payments for Goods and Services		(216,509)
Cash Payments to and on Behalf of Employees		(170,038)
Net Cash Provided by Operating Activities		75,590
Cash Flows from Capital and Related Financing Activities:		
Cash Received from Grants and Contributions		14,637
Cash Received from Sale of Scrap		1,265
Principal Paid on Long-Term Debt and Line of Credit		(30,000)
Interest Paid on Debt		(4,678)
Cash Received from Insurance Claim		5,072
Purchase of Capital Assets		(25,000)
Net Cash Used in Capital and Related Financing Activities		(38,704)
Net Increase in Cash and Cash Equivalents		36,886
Cash and Cash Equivalents at Beginning of Year		148,758
Cash and Cash Equivalents at End of Year	$	185,644

Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Loss	$	(104,640)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		171,210
(Increase) Decrease in Assets:		
Prepaid Expenses		(255)
Deferred Outflows of Resources		(8,622)
Increase (Decrease) in Liabilities:		
Accounts Payable		(422)
Accrued Wages and Benefits		764
Unearned Income		11,857
Deposits on Future Revenue		1,225
Net Pension Liabiity		2,419
Deferred Inflows of Resources		2,054
Net Cash Provided by Operating Activities	$	75,590

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

1. DESCRIPTION OF CONNEAUT PORT AUTHORITY

The Conneaut Port Authority, Ashtabula County, (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 for the City of Conneaut is directed by a seven-member Board appointed by the City Manager with the approval of Conneaut City Council. The Port Authority is a component unit of the City of Conneaut.

Charged with the responsibility of industrial development and the improvement of Conneaut's interconnecting waterways, the Port Authority is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. The Port Authority operates two marinas and leases other lakefront facilities at the Port to private entities. The Port Authority's management believes these financial statements present all activities for which the Port Authority is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

A. Basis of Presentation

The Authority's basic financial statements consist of a statement of net position, statement of revenues expenses and changes in net position, and a statement of cash flows. The Authority reports its operations in an enterprise fund. 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. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34. In accordance with this Statement, the accompanying basic financial statements are reported on an Authority-wide basis.

GASB Statement No. 34 requires the following, which collectively make up the Authority's basic financial statements:

- Management Discussion and Analysis
- Basic Financial Statements
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows

B. Measurement Focus

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The single proprietary fund used the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the Port Authority receives value without directly giving equal value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Port Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Port Authority on a reimbursement basis.

Unearned Revenue Unearned revenue arises when assets (cash) are recognized before revenue recognition criteria have been satisfied.

Expenses On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Authority, deferred inflows of resources were reported on the Statement of net position for pension. The deferred inflows of resources related to pension are explained in Note 9.

D. Cash and Cash Equivalents

All monies of the Port Authority are maintained in one bank account. Investment procedures are restricted by the provisions of the Ohio Revised Code. During 2015, the Port Authority maintained no investment accounts.

For the purposes of the statement of cash flows, all bank deposits, including investments with maturity of less than three months are considered to be cash equivalents.

E. Inventory

Inventories are presented at cost on the first-in, first-out basis and expensed when used.

F. Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Port Authority maintains a capitalization threshold of $500. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred on related debt during the construction of capital assets is also capitalized.

When assets are sold, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any profit or loss arising from such disposition is included as income or expense in the year in which sold.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets (Continued)

All capital assets, except land, land improvements, other non-depreciable assets, and construction in progress, are depreciated. Depreciation is computed using the straight line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	15 – 40 years
Dock Improvements	10 – 40 years
Machinery and Equipment	3 – 10 years
Vehicles	5 – 20 years

G. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital asset, 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 position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or though external restrictions imposed by creditors, grantors or laws or regulations of other governments.

H. Operating Revenues

Operating revenues are those revenues generated directly from the primary activity of the proprietary fund. For the Port Authority, these revenues are dock rentals and property leases. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Revenue and expenses which do not meet these definitions are reported as non-operating.

I. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Port Authority management and that are either unusual in nature or infrequent in occurrence. No extraordinary or special items occurred within the audit period.

J. Estimates

The preparation of the 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. CHANGE IN ACCOUNTING PRINCIPLES & RESTATEMENT OF PRIOR YEAR NET POSITION

A. Change in Accounting Principles

For 2015, the Port Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.”

GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. The implementation of this pronouncement resulted in an overall restatement of beginning net position, as previously reported.

3. CHANGE IN ACCOUNTING PRINCIPLES & RESTATEMENT OF PRIOR YEAR NET POSITION (Continued)

GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The implementation of GASB 71 resulted in an overall restatement of beginning net position, as previously reported.

B. Restatement of Prior Year Net Position

	Business-Type Activities
Net position December 31, 2014, as Previously Reported	$1,239,233
Implementaion of GASB 68 & 71:	
Net Pension Liability - OPERS	(110,878)
Deferred Outflows - Authority's Contributions Made During 2014	
OPERS	14,117
Restated Net Position December 31, 2014	$1,142,472

Other than employer contributions subsequent to the measurement date, the Port Authority made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

4. CASH AND INVESTMENTS

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

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

4. CASH AND INVESTMENTS (Continued)

Monies held by the Port Authority which are not considered active are classified as interim monies. Interim monies may 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 or its political subdivisions, provided that such political subdivisions are located wholly or partly within the Port Authority territory;

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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;

7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of 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 with delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty, the Port Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, all of the Port Authority's bank balance of $195,720 was insured.

The Port Authority has no deposit policy for custodial credit 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 uninsured deposits being secured.

Investments

Investments are reported at fair value. As of December 31, 2015, the Port Authority had no investments.

5. CAPITAL ASSETS

	Balance 12/31/14	Additions	Deductions	Balance 12/31/15
Capital Assets, not being depreciated:				
Land	$ 38,496	$ -	$ -	$ 38,496
Land Improvements	31,021	-	-	31,021
Other Nondepreciable Assets	55,012	-	-	55,012
Construction In Progress	-	25,000	-	25,000
Total Nondepreciable Capital Assets	124,529	25,000	-	149,529
Capital Assets, being depreciated:				
Building and Improvements	2,524,429	-	-	2,524,429
Dock Improvements	1,157,087	-	-	1,157,087
Vehicles	16,823	-	-	16,823
Machinery and Equipment	154,983	-	(12,376)	142,607
Total Depreciable Capital Assets	3,853,322	-	(12,376)	3,840,946
Less Accumulated Depreciation:				
Building and Improvements	(2,191,975)	(105,887)	-	(2,297,862)
Dock Improvements	(248,902)	(51,992)	-	(300,894)
Vehicles	(11,657)	(2,000)	-	(13,657)
Machinery and Equipment	(121,782)	(11,331)	12,376	(120,737)
Total Depreciable Capital Assets	(2,574,316)	(171,210)	12,376	(2,733,150)
Total Depreciable Capital Assets, Net	1,279,006	(171,210)	-	1,107,796
Total Capital Assets, Net	$ 1,403,535	$ (146,210)	$ -	$ 1,257,325

6. LEASES

The Port Authority has entered into a fifty-year, non-monetary, lease commencing June 1, 1988 and ending May 31, 2038, with the City of Conneaut for specified lands in the lakefront area owned by the City.

The Port Authority has entered into a fifty-year lease commencing July 1, 1989 through June 30, 2039, with the State of Ohio for submerged land at the lakefront. The annual lease amount is $1, due and payable the first day of June of each year for property that does not generate revenues for the Port Authority.

7. LONG-TERM OBLIGATIONS

Changes in the Port Authority's long term obligations were as follows:

Business-Type Activities	Interest Rate	12/31/2014 Balance	Additions	Deletions	12/31/2015 Balance	Due Within One Year
City of Conneaut	1.99%	$ 210,000	$ -	$ (30,000)	$ 180,000	$ 30,000

The City of Conneaut issued notes on behalf of the Port Authority for dock improvements. All long term obligations will be paid with dock rental receipts.

7. LONG-TERM OBLIGATIONS (Continued)

The following is a summary of the future annual debt service and interest requirements on the long term obligations:

Year Ending December 31,	Principal	Interest	Total
2016	$ 30,000	$ 2,985	$ 32,985
2017	30,000	2,388	32,388
2018	30,000	1,791	31,791
2019	30,000	1,194	31,194
2020-2021	60,000	597	60,597
	$ 180,000	$ 8,955	$ 188,955

8. LINE OF CREDIT

The Authority also has a line of credit established with Conneaut Savings Bank in the amount of $350,000, with a variable interest rate; currently 3%. At December 31, 2015, there was no balance due on this line of credit.

9. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Port Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Port Authority's obligation for this liability to annually required payments. The Port Authority cannot control benefit terms or the manner in which pensions are financed; however, the Port Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued wages and benefits on the accrual basis of accounting.

9. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – The Port Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Port Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional pension plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

9. DEFINED BENEFIT PENSION PLAN (Continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Formula:	**Formula:**	**Formula:**
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

9. DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's contractually required contribution was $16,671 for 2015. Of this amount, $947 is reported as accrued wages and benefits.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Authority's proportion of the net pension liability was based on the Port Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS		
	Traditional	Combined	Total
Proportionate Share of the Net Pension Liability (Asset)	$113,495	($198)	$113,297
Proportion of the Net Pension Liability	0.000941%	0.000513%	
Pension Expense	$12,391	$131	$12,522

9. DEFINED BENEFIT PENSION PLAN (Continued)

At December 31, 2015, the Port Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$6,068
Port Authority contributions subsequent to the measurement date	16,671
Total Deferred Outflows of Resources	$22,739
Deferred Inflows of Resources	
Differences between expected and actual experience	$2,054

$16,671 reported as deferred outflows of resources related to pension resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2016	$1,003
2017	1,003
2018	1,003
2019	1,005
Total	$4,014

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

9. DEFINED BENEFIT PENSION PLAN (Continued)

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

9. DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Port Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Port Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Port Authority's proportionate share of the net pension liability	$208,824	$113,297	$32,853

10. POST-EMPLOYMENT BENEFITS

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45. Eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund the health care plan through their contributions to OPERS. A portion of each employer's contribution is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing multiple-employer trusts the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Direct Plan members.

10. POST-EMPLOYMENT BENEFITS (Continued)

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016, remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay of a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent.

The Port Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were $2,835, $2,428 and $1,214 respectively; 96 percent has been contributed for 2015 and 100 percent for 2014 and 2013.

11. RISK MANAGEMENT

The Port Authority is exposed to various risks of property and casualty losses, and injuries to employees.

The Port Authority insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Port Authority belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained $350,000 for casualty claims and $100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015.

	2014	2015
Assets	$35,402,177	$38,307,677
Liabilities	(12,363,257)	(12,759,127)
Net Position	$23,038,920	$25,548,550

11. RISK MANAGEMENT (Continued)

At December 31, 2014 and 2015, respectively, the liabilities above include approximately $11.1 million and $11.5 million of estimated incurred claims payable. The assets above also include approximately $10.8 million and $11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Port Authority's share of these unpaid claims collectible in future years is approximately $11,409.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2014	**2015**
$17,659	$18,109

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

12. CONTINGENCIES

Grants

Amounts grantor agencies pay to the Port Authority are subject to audit and adjustment by the grantor, principally the Federal government. Grantors may require refunding any disallowed cost or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recapture amounts would not have a material adverse effect on the overall financial position at December 31, 2015.

Litigations and Claims

In the normal course of operations, the Port Authority may be subject to litigation and claims. At December 31, 2015, the Port Authority was not aware of any such matters that would have a material effect on the financial statements.

13. SUBSEQUENT EVENTS

There were no subsequent events noted through the date of the report, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

Conneaut Port Authority
Ashtabula County, Ohio

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability/Net Pension Asset
Ohio Public Employees Retirement System (OPERS)
Last Two Years

	2014	2013
Traditional Plan		
Authority's Proportion of the Net Pension Liability	0.0009410%	0.0009410%
Authority's Proportionate Share of the Net Pension Liability	$113,495	$110,932
Authority's Covered-Employee Payroll	$115,390	$113,651
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	98.36%	97.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%
Combined Plan		
Authority's Proportion of the Net Pension Asset	0.0005130%	0.0005130%
Authority's Proportionate Share of the Net Pension Asset	$198	$54
Authority's Covered-Employee Payroll	$1,800	$969
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered-Employee Payroll	11.00%	5.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	114.83%	104.56%

Note: Information prior to 2013 is not available.

Amounts presented as of the Authority's measurement date which is the prior year end.

Conneaut Port Authority
Ashtabula County, Ohio

Required Supplementary Information
Schedule of Authority Contributions
Ohio Public Employees Retirement System (OPERS)
Last Ten Years

	2015	2014	2013	2012
Traditional Plan				
Contractually Required Contribution	$16,086	$13,846	$14,775	$14,445
Contributions in Relation to the Contractually Required Contribution	16,086	13,846	14,775	14,445
Contribution Deficiency (Excess)	$0	$0	$0	$0
Authority Covered-Employee Payroll	$134,059	$115,390	$113,651	$144,450
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%	10.00%
Combined Plan				
Contractually Required Contribution	$585	$216	$126	$0
Contributions in Relation to the Contractually Required Contribution	585	216	126	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
Authority Covered-Employee Payroll	$4,875	$1,800	$969	$0
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%	n/a

2011	2010	2009	2008	2007	2006
$13,478	$12,810	$6,187	$4,434	$8,564	$8,801
13,478	12,810	6,187	4,434	8,564	8,801
$0	$0	$0	$0	$0	$0
$134,780	$132,335	$75,728	$63,343	$90,147	$95,663
10.00%	9.68%	8.17%	7.00%	9.50%	9.20%
$0	$0	$0	$0	$0	$0
0	0	0	0	0	0
$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0
n/a	n/a	n/a	n/a	n/a	n/a

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of determined contributions for 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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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*

Conneaut Port Authority
Ashtabula County
P.O. Box 218
Conneaut, Ohio 44030

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Conneaut Port Authority, Ashtabula County,(the Port Authority) a component unit of the City of Conneaut, as of and for the year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated June 29, 2016 wherein we noted the Port Authority adopted Government Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27 and* Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date*.

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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Port Authority's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Port Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.

Dave Yost
Auditor of State
Columbus, Ohio

June 29, 2016

CONNEAUT PORT AUTHORITY

ASHTABULA 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 12, 2016