

LAWRENCE COUNTY PORT AUTHORITY
LAWRENCE COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022



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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Lawrence County Port Authority
305 North 5th Street
Ironton, Ohio 45638

We have reviewed the *Independent Auditor's Report* of the Lawrence County Port Authority, Lawrence County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lawrence County Port Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 04, 2024

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Lawrence County Port Authority
Lawrence County
Table of Contents
For the Year Ended December 31, 2022

Title	Page
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position.....	9
Statement of Cash Flows	10
Notes to the Basic Financial Statements	11
Schedule of Federal Awards Expenditures.....	20
Notes to the Schedule of Federal Awards Expenditures	21
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	22
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	24
Schedule of Findings and Questioned Costs	27
Corrective Action Plan.....	29

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Independent Auditor's Report

Board of Directors
Lawrence County Port Authority
305 North 5th Street
Ironton, Ohio 45638

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Lawrence County Port Authority, (the Port Authority), a component unit of Lawrence County, as of and for the year ended December 31, 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Lawrence County Port Authority, Lawrence County, Ohio, as of December 31, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority.

As discussed in note 1 to the financial statements, during 2022, the Port Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, as discussed in note 15. The 2022 financial statements have been restated due to this implementation.

We did not modify our opinion regarding these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

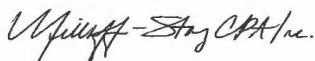
We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port Authority's basic financial statements. The Schedule of Federal Awards Expenditures as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Federal Awards Expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2024 on our consideration of the Port Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port Authority's 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.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

May 17, 2024

Introduction

The discussion and analysis of the Lawrence County Port Authority's financial performance provides an overview of the Port Authority's financial performance as a whole for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Port Authority's financial performance.

Financial Highlights

Key financial highlights for the year ended December 31, 2022, are as follows:

- Total assets increased \$598,188 or 16%, between 2022 and 2021. Total liabilities increased \$393,150 or 48%, between 2022 and 2021. Total net position decreased \$4,943 or 0.19%, between 2022 and 2021.
- Total operating revenues increased \$127,936 or 10% between 2022 and 2021. Total operating expenses decreased \$179,101, or 11%, between 2022 and 2021

Using this Annual Financial Report

This financial report contains the basic financial statements of the Port Authority, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. As the Port Authority reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

Statement of Net Position

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

This statement reports the Port Authority's net position, however, in evaluating the overall position and financial viability of the Port Authority, non-financial information, such as the condition of the Port Authority's capital assets, will also need to be evaluated.

Table 1 provides a summary of the Port Authority's net position for 2022 and 2021.

Table 1 Net Position			
	2022	2021*	Change
Assets:			
Current assets	\$ 702,341	\$ 798,540	\$ (96,199)
Capital assets, net	2,520,682	2,208,875	311,807
Non-current assets (other than capital)	1,202,638	820,058	382,580
 Total assets	4,425,661	3,827,473	598,188
 Liabilities:			
Current liabilities	395,296	116,990	278,306
Long-term liabilities	821,807	706,963	114,844
 Total liabilities	1,217,103	823,953	393,150
 Deferred Inflows of Resources:			
Unearned Revenue	595,602	385,620	209,982
 Net position:			
Net investments in capital assets	2,059,928	1,819,258	240,670
Unrestricted	553,028	798,641	(245,613)
 Total net position	\$ 2,612,956	\$ 2,617,899	\$ (4,943)

* Restated. See Note 15 of the notes to the basic financial statements.

The increase in total assets between 2022 and 2021 was primarily due to implementation of GASB No. 87, Leases which resulted in a right to use asset for a new lease agreement entered into in 2022. The increase in total liabilities between 2022 and 2021 was due to the increase in the long-term debt and implementation of GASB No. 87, Leases, for deferred inflows related to leases.

Table 2 provides a summary of changes in the Port Authority's net position for 2022 and 2021.

Table 2
Changes in Position

	2022	2021*	Change
Operating revenues:			
Grants/reimbursement contracts	\$ 1,095,037	\$ 950,493	\$ 144,544
Service fees	138,398	137,580	818
Rent and lease income	55,830	45,471	10,359
In-kind contributions	126,495	103,887	22,608
Other income	-	50,393	(50,393)
Total operating revenues	1,415,760	1,287,824	127,936
Operating expenses:			
Professional fees	18,915	65,004	(46,089)
Consultants/contractual	1,031,469	965,199	66,270
Space costs	172,888	131,013	41,875
Insurance	43,042	35,242	7,800
Equipment lease and maintenance	9,373	2,167	7,206
Depreciation & Amortization	121,272	110,069	11,203
Economic Development Assistance	45,255	321,338	(276,083)
Other	13,167	4,450	8,717
Total operating expenses	1,455,381	1,634,482	(179,101)
Non-operating revenues/(expenses):			
Interest Income	52,044	19,609	32,435
Interest Expense	(10,008)	(19,452)	9,444
Loss on Sale of Asset	(7,358)	-	(7,358)
Total non-operating revenues/(expenses)	34,678	157	34,521
Change in net position	(4,943)	(346,501)	341,558
Beginning net position	2,617,899	N/A	N/A
Ending net position	\$ 2,612,956	\$ 2,617,899	\$ (4,943)

* Restated. See Note 15 of the notes to the basic financial statements.

The increase in total operating revenues between 2022 and 2021 was primarily due to an increase in grants awarded to the Port Authority. The decrease in total operating expenses between 2022 and 2021 was due to a decrease in economic development assistance.

Capital Assets

At December 31, 2022, the Port Authority had a total of \$3,522,775 invested in capital assets less accumulated depreciation and amortization of \$1,002,093 resulting in total capital assets, net of accumulated depreciation, of \$2,520,682. Depreciation and amortization expense for the year totaled \$121,019. See Note 3 of the notes to the basic financial statements for more detailed information on the Port Authority's capital assets.

Debt Administration

The Port Authority finances construction in progress primarily through the issuance of debt. At December 31, 2022, debt outstanding was \$460,754. See Note 10 of the notes to the basic financial statements for more detailed information on the Port Authority's debt obligations.

Request for Information

This financial report is designed to provide a general overview of the Port Authority's finances and to show the Port Authority's accountability for the money it receives spends and invests. Questions concerning any of the information provided in this report or requests for additional information should be directed to Dr. Bill Dingus, Executive Director of Lawrence Economic Development Corporation, 216 Collins Avenue, South Point, Ohio 45680 or Kelly Adkins, CFO of Ironton-Lawrence County Area Community Action Organization, Inc., 305 N. 5th Street, Ironton, Ohio 45638.

Lawrence County Port Authority
Statement of Net Position
December 31, 2022

Assets:

Current Assets:

Cash	\$ 415,173
Prepaid Expenses	1,500
Lease receivable, current portion	19,799
Grants receivable	265,869
	<u>702,341</u>

Capital Assets:

Land	310,887
Buildings	1,936,858
Equipment	924,608
Right to Use Asset	350,424
Accumulated Depreciation	(1,002,095)
Total	<u>2,520,682</u>

Other long-term assets:

Capitalized costs	9,992
Due from affiliates	616,843
Lease receivable, net of current portion	575,803
	<u>1,202,638</u>

Total assets	\$ 4,425,661
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Liabilities:

Current liabilities

Accounts payable	\$ 54,720
Current portion due to affiliates	316,203
Accrued expenses	10,820
Current portion of notes payable	13,553
	<u>395,296</u>

Long term liabilities:

Notes payable, net of current portion	447,201
Due to affiliates, net of current portion	374,606
	<u>821,807</u>

Total liabilities	1,217,103
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Deferred Inflows of Resources:

Leases	595,602
	<u>595,602</u>

Total deferred inflows of resources	595,602
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Net position:

Net Investment in capital assets	2,059,928
Unrestricted	553,028
Total net position	<u>2,612,956</u>

Total liabilities, deferred inflows of resources and net position	\$ 4,425,661
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The accompanying notes are an integral part of these financial statements.

Lawrence County Port Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2022

Operating revenues:	
Grants and reimbursement contracts	\$ 1,095,037
Service fees	138,398
Rent and lease income	55,830
In-kind contributions	126,495
Total operating revenues	<u>1,415,760</u>
 Operating expenses	
Professional fees	18,915
Consultants/contractual	1,031,469
Space costs	172,888
Insurance	43,042
Equipment lease and maintenance	9,373
Depreciation and amortization	121,272
Economic Development Assistance	45,255
Other	13,167
Total operating expenses	<u>1,455,381</u>
Operating Loss	(39,621)
 Non-operating revenues/(expenses):	
Interest income	52,044
Interest expense	(10,008)
Loss on sale of assets	(7,358)
Total non-operating revenues/(expenses)	<u>34,678</u>
Change in net position	<u>(4,943)</u>
 Net position at beginning of year, restated	 <u>2,617,899</u>
Net position at end of year	 <u><u>\$ 2,612,956</u></u>

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

Lawrence County Port Authority
Statement of Cash Flows
Year Ended December 31, 2022

Cash flows from operating activities:

Cash from grants and reimbursement contracts	\$ 952,571
Cash from service fees	138,398
Cash from rent and lease income	55,830
Cash payments for goods and services	<u>(1,160,741)</u>
Net cash used by operating activities	<u>(13,942)</u>

Cash flows from investing activities:

Purchase of land	(22,670)
Purchase of buildings	(229,220)
Purchase of equipment	<u>(183,600)</u>
Net cash used in investing activities	<u>(435,490)</u>

Cash flows from noncapital financing activities:

Advances to/from affiliates	<u>122,764</u>
Net cash provided by noncapital financing activities	<u>122,764</u>

Cash flows from capital and related financing activities:

Cash from proceeds of borrowings	250,000
Cash from sale of assets	198,700
Cash from lease and other interest	193,700
Principal paid on debt	(178,862)
Cash payment for interest	(10,008)
Cash paid for right of use asset	<u>(350,424)</u>
Net cash used in capital and related financing activities	<u>103,106</u>

Net change in cash (223,562)

Cash at beginning of year 638,735
 Cash at end of year \$ 415,173

Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	\$ (39,621)
Depreciation and Amortization	121,272
Changes in assets and liabilities	
(Increase)/decrease in grants receivable	(142,466)
(Increase) in prepaid expense	(1,500)
(Increase)/decrease in accounts payable and accrued expenses	<u>48,373</u>
Net cash used by operating activities	<u>\$ (13,942)</u>

Supplemental Disclosure

Non-cash in-kind contributions \$ 126,495

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lawrence County Port Authority was 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 was created on December 2, 2004, by the Lawrence County Commissioners. The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Lawrence County. The Port Authority provides services that are enumerated in Sections 4582.21 to 4582.59 of the Ohio Revised Code. These services included but are not limited to the power to purchase, construct, reconstruct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities to accomplish these activities.

The Port Authority is statutorily created as a separate and distinct political subdivision of the State. The Authority was governed by a five-member Board of Directors appointed by the Lawrence County Commissioners. As of June 1, 2013, the Port Authority entered into an agreement where the Ironton Port Authority merged into the Lawrence County Port Authority. This merger resulted in the Lawrence County Port Authority going from a five-member board to a nine-member Board of Directors that is appointed by the Lawrence County Commissioners. Lawrence County Port Authority did not receive any assets or liabilities as a result of this merger. However, the Port Authority will eventually receive certain excluded assets, as defined in the transfer agreement from the City of Ironton at a future date. The Port Authority is a component unit of Lawrence County, Ohio. Ironton – Lawrence County Area Community Action Organization, Inc. is the fiscal agent for the Port Authority. Ironton – Lawrence County Area Community Action Organization, Inc. and Lawrence Economic Development Corporation provides administrative staff and services for the Port Authority for no fee. These services are recorded as in-kind contributions in the financial statements.

The financial statements are presented as of December 31, 2022, and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of accounting principles generally accepted in the United States of America in that the financial statements include all organizations, activities, functions and component units for which the Port Authority (the primary government) is financially accountable. The Port Authority is financially accountable for an organization if it has (1) the ability to appoint a voting majority of another entity's governing body and to impose its will on that entity, (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on others, and (3) the entity's fiscal dependency on others.

Based on the foregoing, the Port Authority's financial reporting entity has no component units.

The Port Authority participates in a joint venture, Old Engineer Property, LLC. The joint venture is presented in Note 14.

B. Basis of Presentation

The Port Authority operates a self-supporting governmental enterprise and uses accounting policies applicable to governmental enterprise funds. All transactions are accounted for in a single enterprise fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and liabilities plus deferred inflows of resources associated with the operation of the Port Authority 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 net position. The statement of cash flows provides information about how the Port Authority finances and meets the cash flow needs of its enterprise activity.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Port Authority's financial statements are prepared using the accrual basis of accounting.

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 grant revenue received by the Port Authority. Grant revenue is recognized in the fiscal 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 fiscal year when use is first permitted. Under the accrual basis of accounting, expenses are recognized at the time they are incurred.

E. Budgetary Process

Ohio Revised Code Section 4582.39 requires the Port Authority annually to prepare a budget. No further approvals or actions are required under section 4582 of the Ohio Revised Code.

F. Adoption of New Accounting & Pronouncements

During the year, the Port Authority adopted GASB Statement No. 87, Leases. The primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new leases standard also requires enhanced disclosure which include a general description of the leasing arrangement, the aggregated amount of resource inflows and outflows recognized from lease contracts, including those not included in the measurement of the lease liability and receivable, and the disclosure of the long-term effect of lease arrangements on a government's resources. The implementation resulted in a restatement of net position. See Note 15 for additional information.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash

The Port Authority maintains a cash management program whereby cash is deposited with a banking institution in Lawrence County. The agreements restrict activity to certain deposits. The deposits are stated at cost, which approximate market value. Investments procedures are restricted by the provision of the Ohio Revised Code. For the purpose of the Statement of Cash Flows, the Port Authority considers all high liquid investments with maturities of less than three months (including restricted assets) to be cash equivalents.

H. Capital Assets

Capital assets utilized by the Port Authority are reported on the statement of net position. All capital assets are capitalized at cost, unless donated. Donated capital assets are reported at their acquisition values as of the date received. 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. Capital assets are depreciated using the straight-line method over estimated useful lives ranging from three to forty years.

Amortization of intangible right to use leased assets is computed using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

I. Net Position

Net position represents the difference between assets and liabilities plus deferred inflows of resources. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its 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 position are available.

Port Authority did not have any restricted net position as of December 31, 2022.

J. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Port Authority, these revenues are grants, contributions, and fees. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Port Authority. Revenues and expenses not meeting these definitions are reported as non-operating.

K. 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.

L. Deferred Inflows of Resources

In addition to liabilities, the Statement of Net 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 Port Authority, deferred inflows of resources includes the present value of future lease payments.

NOTE 2 - CASH

Deposits

For the year ended December 31, 2022, the carrying amount of the Port Authority's deposits was \$415,173 and the depository balance was \$415,173. The Port Authority's deposits at year-end consisted entirely of deposits with one financial institution. The depository balance in excess of \$250,000 is not insured by the Federal Deposit Insurance Corporation which totaled \$165,173. Management believes the financial institution has a strong credit rating and credit risk related to these deposits is minimal.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

Capital assets not being depreciated	<u>Balance at 12/31/21*</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 12/31/22</u>
Land	\$ 488,803	\$ 22,670	\$ (200,586)	\$ 310,887
Capital assets being depreciated				
Buildings	1,907,640	229,218	(200,000)	1,936,858
Equipment	741,008	183,600	-	924,608
Right to Use Asset	0	350,424	-	350,424
Less accumulated depreciation/amortization				
Building	(424,307)	(51,041)	47,500	(427,848)
Equipment	(504,269)	(64,138)	-	(568,407)
Right to Use Asset	<u>0</u>	<u>(5,840)</u>	<u>-</u>	<u>(5,840)</u>
Capital assets, net	<u>\$ 2,208,875</u>	<u>\$ 664,893</u>	<u>\$ (353,086)</u>	<u>\$ 2,520,682</u>

*Restated – See Note 15

Right to Use Asset

The Port Authority is the lessee in a lease with the City of Ironton for the building at the Woolihan Lumber site. The lease began in March 2022 and is scheduled to end in April 2121. Under the lease agreement, the lessee was required to pay \$350,424 upfront plus \$1 per year for remaining term, and the cost of taxes, insurance, utilities, maintenance, and repair of the property. In accordance with GASB 87, the Port Authority has recognized a right to use asset of \$350,424. The Port Authority is amortizing the asset over the lesser of the lease term of 99 years or the useful life of the underlying asset of the building, therefore, the building is amortized over 40 years. The amortization for the year ended totaled \$5,840. The estimated amortization for the next 39 years is \$8,761 per year.

NOTE 4 – DUE FROM AFFILIATES

Changes in due from affiliates of the Port Authority during the year ended December 31, 2022 consisted of the following:

	<u>Balance at 12/31/21</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance at 12/31/22</u>
Old Engineer Property LLC	135,992	205,200	(60,925)	280,267
Proctors Landing	329,976	6,600	-	336,576
	<u>\$ 465,968</u>	<u>\$ 211,800</u>	<u>\$ (60,925)</u>	<u>\$ 616,843</u>

All of the due from affiliates is considered non-current assets at December 31, 2022.

NOTE 5 - DUE TO AFFILIATES

Changes in due to affiliates of the Port Authority during the year ended December 31, 2022 consisted of the following:

	<u>Balance at</u> <u>12/31/21</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance at</u> <u>12/31/22</u>
Ironton- Lawrence County Area Community Action Organization, Inc.	\$ 381,327	\$ 316,203	\$ (42,564)	\$ 654,966
Lawrence Economic Development Corporation	35,843	-	-	35,843
Total	<u>\$ 417,170</u>	<u>\$ 316,203</u>	<u>\$ (42,564)</u>	<u>\$ 690,809</u>

At December 31, 2022, \$374,606 of the \$690,809 due from affiliates is considered non-current liabilities.

NOTE 6 - RELATED PARTY TRANSACTIONS

Ironton-Lawrence County Area Community Action Organization, Inc. provided \$126,495 of in-kind contributions to Lawrence County Port Authority in 2022 for consulting services in providing administrative services.

NOTE 7 - RISK MANAGEMENT

Lawrence County Port Authority is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Settled claims have not exceeded the Port Authority's commercial insurance coverage for any of the past three years: there have been no claims. There has been no significant reduction in coverage in relation to the prior year.

NOTE 8 - CONCENTRATION OF CREDIT RISK

Lawrence County Port Authority's primary assets consist of land, capital assets and lease receivables located in Lawrence County, Ohio. Lawrence County Port Authority's primary source of income has been private and state loans, state and federal grants used in the remedial development of industrial property that is ultimately sold at fair market value. The purpose of Lawrence County Port Authority's sale of industrial property is to promote the creation of industrial related jobs in Lawrence County and property sales are typically made at or below cost. Lawrence County Port Authority has been totally dependent on local and state loans, and state and federal funds for its continued existence.

NOTE 9 - CONTINGENCIES

The Port Authority has received federal and state grants for specific purposes that are subject to review and audit by the grantor agency or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based upon prior experience, the Board of Directors believes such disallowance, if any, will be immaterial. Lawrence County Port Authority is not a defendant in any lawsuit.

NOTE 10 - NOTES PAYABLE

Changes in note obligations of the Port Authority during the year ended December 31, 2022 consisted of the following:

	Balance at <u>12/31/21</u>	<u>Additions</u>	<u>Payments</u>	Balance at <u>12/31/22</u>	Due in <u>One Year</u>
Ohio Valley Bank	\$ -	\$ 250,000	\$ -	\$ 250,000	\$ 6,413
Peoples Bank 2021	219,504	-	(8,750)	210,754	7,140
Peoples Bank 2012	<u>170,112</u>	<u>-</u>	<u>(170,112)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 389,616</u>	<u>\$ 250,000</u>	<u>\$ (178,862)</u>	<u>\$ 460,754</u>	<u>\$ 13,553</u>

On July 19, 2012, the Port Authority entered into a loan agreement with Ohio River Bank (now Peoples Bank). The Loan Agreement is for \$700,000 for fifteen years and is collateralized by an open-end mortgage on the property. The terms of the note provide among other things, for repayment in equal monthly installments including principal and 3.30% initial interest, adjusting every 5 years based on the New York Prime Rate as published by the Wall Street Journal. The current interest rate on the note is 4.25%. The note matures in August 2027. On May 21, 2021, the Port Authority made a lump sum payment of \$300,000 on the note. The due date of the principal payments was advanced to June 5, 2022. During 2022, the note payable principal and interest was paid in full.

On March 18, 2021, the Port Authority entered into a loan agreement with Citizens Deposit Bank (now Peoples Bank). The Loan Agreement is for \$224,063 for twenty years and is collateralized by an open-end mortgage on the property. The terms of the note provide among other things, for repayment in equal monthly installments including principal at 4.0% initial interest. The note matures in April 2041.

On December 16, 2022, the Port Authority entered into a loan agreement with The Ohio Valley Bank. The loan agreement is for \$250,000 for twenty years and is collateralized by the property and assignment of leases and rents. The terms of the note provide among other things for repayment in equal monthly payments including principal and initial interest which is indexed at the 5 year treasury index plus 3.125%. The note matures in December 2042.

Maturities of indebtedness during each of the five years and thereafter subsequent to December 31, 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 13,553	\$ 25,384	\$ 38,937
2024	15,135	24,618	39,753
2025	15,993	23,760	39,753
2026	16,878	22,875	39,753
2027	17,816	21,937	39,753
2028-2042	<u>381,379</u>	<u>169,903</u>	<u>551,282</u>
Total	<u>\$ 460,754</u>	<u>\$ 288,477</u>	<u>\$ 749,231</u>

NOTE 10 - NOTES PAYABLE (Continued)

On April 23, 2013, the Port Authority, Lawrence Economic Development Corporation and the KYOVA Interstate Planning Commission (“the Commission”) entered into a loan agreement with the Ohio Department of Transportation to construct a crane foundation as part of the sheet pile dock staging facility used for transferring goods from barges to road. This loan is payable solely from and secured by a pledge of the Commission’s Congestion Mitigation and Air Quality Improvement Program ODOT Sub-Allocation. The loan does not constitute a debt or pledge of the faith and credit of the Port Authority, and accordingly has not been reported in the accompanying financial statements. At December 31, 2022, the outstanding balance on the note was \$267,497.

In March 2016, the Port Authority authorized the issuance and sale of revenue bonds in an amount not to exceed \$8,500,000 for the purpose of developing certain Port Authority facilities. In April 2016, the Port Authority entered into a lease agreement with Precision Paint Systems, LLC for the use of the aforementioned facilities. The bonds are payable from and secured by a pledge of the rental and other revenues pursuant to the aforementioned lease. These bonds do not constitute a debt or pledge of the faith and credit of the Port Authority, and accordingly has not been reported in the accompanying financial statements. At December 31, 2022, the outstanding balance on the note was \$4,171,246.

NOTE 11 – LEASES

Operating Lease-Short Term

The Port Authority entered into a property lease with River City Depot, LLC in March of 2014 to provide for property for the Depot Restaurant. The original lease term ended in March of 2020 and was renewed for a period of five years at a monthly rate of \$1,000 per month. The renewed lease term ends in March of 2024.

The Port Authority entered into a property lease with Batchelor Holdings, LLC in June 2017 to provide use of the property known as the Transit Center. The lease term is month to month with a minimum of a 60 day notice of termination. The original lease rent was \$800 per month; however, the amount was reduced to \$500 per month in January of 2018 and remains at this rate.

Future minimum rentals required under the above-mentioned leases at December 31, 2022 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 12,000
2024	3,000
Total	\$ 15,000

Direct Financing Lease

Also, the Port Authority is the lessor in a direct financing lease with the Lawrence County Agricultural Society for property for the Lawrence County Fairgrounds. The lease began in July 2012 and was scheduled to end in August 2028. Under the lease agreement, the lessee has a bargain option to purchase the leased property at the end of the lease term and, during the term of the lease, is required to pay the cost of taxes, insurance, utilities, maintenance and repair of the property. During 2022, the direct financing lease was paid in full.

NOTE 11 – LEASES (Continued)

The Port Authority is the lessor in a direct financing lease with the Ironton Lawrence County Area CAO for property at the former Ohio University Building at Hanging Rock, Ohio. The lease began in March 2021 and is scheduled to end in March 2041. Under the lease agreement, the lessee has a bargain option to purchase the leased property at the end of the lease term and, during the term of the lease, is required to pay the cost of taxes, insurance, utilities, maintenance, and repair of the property. During 2021, the Port Authority recognized a lease receivable of \$212,817 that is equal to the present value of future minimum lease payments to be received. The unearned portion of the lease is reported as deferred inflows of resources.

The following represents the future minimum lease payments to be received by the Port Authority at December 31, 2022:

Year	Amount
2023	\$ 16,402
2024	16,402
2025	16,402
2026	16,402
2027	16,402
2028-2032	82,009
2033-2037	82,009
2038-2041	54,673
Total future minimum lease payments	\$ 300,701
Less: interest	(87,884)
Net minimum lease receivable	\$ 212,817

The Port Authority is the lessor in a lease with the Ironton Lawrence County Area Community Action Organization for property at on North 7th Street, Ironton, Ohio. The lease began in December 2022 and is scheduled to end in December 2042. Under the lease agreement, the lessee has option to purchase the leased property at the end of the lease term at \$1 and, during the term of the lease, is required to pay the cost of taxes, insurance, utilities, maintenance, and repair of the property. The Port Authority has recognized a lease receivable of \$382,785 that is equal to the present value of future minimum lease payments to be received. The unearned portion of the lease is reported as deferred inflows of resources.

Future minimum lease payments to be received for the years ending December 31, 2022 and thereafter are as follows:

Year	Amount
2023	\$ 28,322
2024	28,322
2025	28,322
2026	28,322
2027	28,322
2028-2032	141,608
2033-2037	141,608
2038-2042	141,608
Total future minimum lease payments	\$ 566,434
Less: interest	(183,649)
Net minimum lease receivable	\$ 382,785

NOTE 12-UNCERTAINTY RELATED TO COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to COVID-19 pandemic. The full financial impact of Covid-19 and the continuing emergency measures will impact subsequent periods of the Port Authority. In addition, the impact of the Port Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 13 – SUBSEQUENT EVENTS

The Port Authority evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements.

NOTE 14 – JOINT VENTURE

The Port Authority is a member of the Old Engineer Property LLC (the Company), which is a limited liability company organized pursuant to Ohio Revised Code Chapter 1705 to acquire, own, hold, develop, manage, lease and sell real property and associated personal property commonly known as the “Old County Engineer Property” and “Lawrence County Children’s Home.” The Company operates as a partnership with the Port Authority holding a 25% partnership interest. The other members include the Ironton-Lawrence County Area Community Action Agency, Inc. and Lawrence Economic Development Corporation. The members have an ongoing financial responsibility to the Company and contribute cash and/or property to the capital of the Company when called for by the Company’s management committee. The Port Authority’s capital contributions for the year ended December 31, 2022 totaled \$23,000. Complete financial statements of the joint venture can be obtained from the Ironton Lawrence County Community Action Agency, Inc. at 305 North 5th Street, Ironton, Ohio 45638.

NOTE 15 – Restatement of Fund Balance

During 2022, the Port Authority implemented GASB Statement No. 87. See Note 1.

These restatements had the following effect on previously reported net position:

	Net Position
Net Position, As Reported, December 31, 2021	\$2,409,540
<i>Adjustments:</i>	
Lease Receivable	(97,289)
Buildings	345,494
Land	229,220
Deferred Inflows of Resources	(269,066)
Net Position, As Restated, January 1, 2022	\$2,617,899

NOTE 16 – Subsequent Events

In March 2023, the Port Authority added a \$1.65 million dollar change order addendum for the Biomass Asbestos Abatement Project.

In July 2023, the Port Authority received a \$250,000 grant from the Ohio Department of Transportation to assist with the backroad entrance at Sandusky road.

In September 2023, the Port Authority began securing funding Gateway Regional Outdoor Complex and issued loans so far totaling \$1,723,000 to Reclamation Properties as a real estate holding company for the project.

In November 2023, the Port Authority received \$800,000 capital bill for the development of the Chesapeake Riverfront Project.

LAWRENCE COUNTY PORT AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Transportation:</u>			
Direct from the Federal Government			
Federal Transit Cluster:			
Federal Transit_Formula Grants - OH-2021-030	20.507	N	\$ 178,949
Federal Transit_Formula Grants - OH-2019-005	20.507	N	337,624
COVID-19 Federal Transit_Formula Grants - OH-2020-014	20.507	N	<u>422,669</u>
Total Federal Transit Cluster			<u>939,242</u>
Total U.S. Department of Transportation			<u>939,242</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct from the Federal Government			
Continuum of Care Program	14.267	N	22,632
Continuum of Care Program	14.267	N	<u>13,433</u>
			<u>36,065</u>
Pass Through from Ironton-Lawrence County Area CAO, Inc.			
Continuum of Care Program	14.267	OH0188L5E072013	35,104
Continuum of Care Program	14.267	OH0188L5E072114	<u>43,439</u>
Total Pass through from Ironton-Lawrence County Area CAO, Inc.			<u>78,543</u>
Total Continuum of Care Program			<u>114,608</u>
Total U.S. Department of Housing and Urban Development			<u>114,608</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 1,053,850</u>

N - direct award

See the accompanying notes to the schedule of federal awards expenditures.

Lawrence County Port Authority
Lawrence County
Notes to the Schedule of Federal Awards Expenditures
2 CFR 200.510(b)(6)
Year Ended December 31, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards Expenditures (Schedule) includes the federal award activity of Lawrence County Port Authority under programs of the federal government for the year ended December 31, 2022.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Since the schedule presents only a selected portion of the operations of Lawrence County Port Authority, it is not intended to and does not present Lawrence County Port Authority's net position, change in net position, or cash flows.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

(a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(b) Lawrence County Port Authority has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

(c) Pass-through entity identifying numbers are presented where available.

NOTE 3 – DOT FEDERAL TRANSIT – FORMULA GRANTS

Cash receipts from the U.S. Department of Transportation are commingled with State grants. It is assumed federal monies are expended first.

NOTE 4 – MATCHING REQUIREMENTS

Certain Federal programs require the Lawrence County Port Authority to contribute non-federal funds (matching funds) to support the federally funded programs. The Lawrence County Port Authority has met its matching requirements. The schedule does not include the expenditures of non-federal matching funds.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Lawrence County Port Authority
305 North 5th Street
Ironton, Ohio 45638

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Lawrence County Port Authority, Lawrence County, Ohio (the Port Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements, and have issued our report thereon dated May 17, 2024, wherein we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Port Authority. We also noted the Port Authority adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 87, Leases, and restated beginning net position as a result of this implementation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

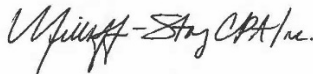
As part of obtaining reasonable assurance about whether the Port Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Port Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Port Authority's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Port Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

May 17, 2024

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Directors
Lawrence County Port Authority
305 North 5th Street
Ironton, Ohio 45638

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lawrence County Port Authority's, Lawrence County, (the Port Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Port Authority's major federal program for the year ended December 31, 2022. The Port Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Port Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Port Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Port Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Port Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Port Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Port Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Port Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Port Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Lawrence County Port Authority

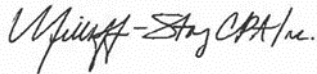
Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Federal Awards Expenditures Required by the Uniform Guidance

Page 3

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

May 17, 2024

Lawrence County Port Authority
Lawrence County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
	Material weakness(es) identified?	Yes
	Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?		No
<i>Federal Awards</i>		
Internal control over major program(s):		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:		Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		No
Identification of major program(s):		Federal Transit Cluster (AL #20.507)
Dollar threshold used to distinguish between type A and type B programs:		Type A: >\$750,000 Type B: All Others
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

Finding Number 2022-001 – Material Weakness – Financial Reporting

A monitoring system by the Port Authority should be in place to prevent or detect misstatements for the accurate presentation of the financial statements. During testing, we noted errors in the recording of leases in accordance with GASB 87. We also noted that the Port Authority misclassified capital assets. Specifically, we noted that the Port Authority included land improvement items in with the land classification on the financial statements. Additionally, we identified unrecorded land and errors in the recording of the sale of this land. Certain errors were deemed material and were corrected in the financial statements. Other errors were deemed immaterial by both the auditors and management and therefore correction was waived.

We additionally noted various errors within the schedule of federal awards expenditures, including not identifying programs as clusters where appropriate, omitted pass-through numbers, and including programs under old AL numbers where new numbers had been assigned by the federal government. These corrections were made to the schedule of federal awards expenditures. Lastly, we identified various errors within note disclosures. Modifications were made to correct these errors.

The Port Authority should implement additional operating and monitoring procedures to ensure that transactions are properly recorded and reported and that identified errors are timely identified and properly resolved as well as to ensure that note disclosures are properly presented.

Client Response:

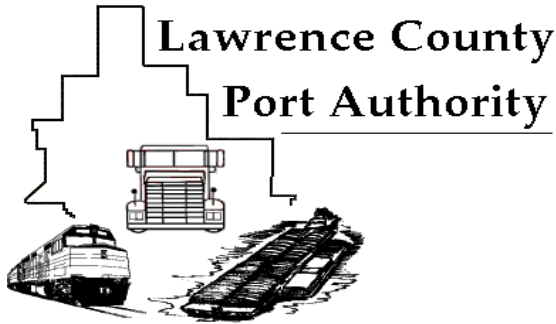
See accompanying corrective action plan.

Lawrence County Port Authority
Lawrence County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Section III – Federal Award Findings and Questioned Costs

None

Administrative Office
 216 Collins Ave
 South Point, OH 45680
 740-377-4550
 740-377-2091 (fax)



Financial Office 305 N. 5th Street
 Ironton, OH 45638
 740-532-3534 ext 236
 740-532-5489 (fax)

Lawrence County Port Authority
Lawrence County
Corrective Action Plan
2 CFR Section 200.511(c)
For the Fiscal Year Ended December 31, 2022

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	The Port Authority will work with our consultants to ensure that new accounting guidance is properly followed and transactions are recorded correctly.	Immediately	Kelly Adkins, CFO

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OHIO AUDITOR OF STATE KEITH FABER



LAWRENCE COUNTY PORT AUTHORITY

LAWRENCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 6/18/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov