Monroe County Port Authority
MONROE COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2022 and 2021

Charles E. Harris & Associates, Inc.
CPAs and Government Consultants

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Board of Directors
Monroe County Port Authority
48301 State Route 800
Woodsfield, Ohio 43793

We have reviewed the *Independent Auditor's Report* of the Monroe County Port Authority, Monroe County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 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 Monroe County Port Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

December 21, 2023

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Monroe County Port Authority
Monroe County
Regular Audit
For the Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Monroe County Port Authority
Monroe County
48301 State Route 800
Woodsfield, Ohio 43793

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Monroe County Port Authority, Monroe County, Ohio (the Authority), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the 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 Authority as of December 31, 2022 and 2021, and the changes in financial position and its cash flows, thereof for the years then ended in accordance with the 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. 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 8 to the 2021 financial statements the Authority elected to change its regulatory cash basis reporting model to the accrual basis of accounting as promulgated by the Governmental Accounting Standards Board. Our opinion is not modified with respect to this matter.

As discussed in Note 6 to the 2022 financial statements, the Authority implemented Governmental Accounting Standards Board Statement No. 87 *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 opinion. 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 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 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, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023, on our consideration of the 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. 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 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 Authority's internal control over financial reporting and compliance.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
November 3, 2023

The Monroe County Port Authority (the Authority) Management's Discussion and Analysis is designed to a) assist the reader in focusing on significant financial issues; b) provide an overview of the Authority's financial activity; c) identify changes in the Authority's financial position (its ability to address the next and subsequent years challenges), and d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's assets exceeded liabilities and deferred inflows of resources by $5,132,695 at the close of the year ended December 31, 2022. Of this amount, the Authority had an unrestricted balance of $1,298,296 that may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net position increased by $230,375. This increase is attributable to rental and lease income increasing as a result of investment in ongoing projects.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The Authority's basic financial statements consist of the statement of net position, the statement of revenues, expenses, and changes in net position, the statement of cash flows, and the accompanying notes to the basic financial statements. These statement report information about the Authority and its activities.

The Authority utilizes a single enterprise fund using proprietary fund accounting. The enterprise accounting method is similar to that used by private-sector accounting. The statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position is similar to a balance sheet. This statement reports the resources owned by the Authority (assets and deferred outflows of resources), obligations owed by the Authority (liabilities and deferred inflows of resources), and the Authority's net position (the difference between these components).

The focus of the statement of net position (unrestricted net position) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position is reported in three broad categories:

> Net Investment in Capital Assets: This component of net position consists of all capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> Restricted: This component of net position consists of restricted assets, upon which constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
>
> Unrestricted: Consists of net position that does not meet the definition of Net Investment in Capital Assets, or Restricted.

The statement of revenues, expenses and change in net position is similar to an income statement. This statement includes operating revenues, operating expenses, and non-operating revenue and expenses.

OVERVIEW OF BASIC FINANCIAL STATEMENTS (CONTINUED)

Revenue is reported when earned and expenses are reported when incurred.

The focus of the statement of revenues, expenses and changes in net position is the "change in net position", which is similar to net income or loss.

The statement of cash flows provides information about the Authority's cash receipts and disbursements during the year. It summarizes net changes in cash resulting from operating, investing, and financing activities.

The notes to the financial statements provide additional information that is essential for a full understanding of the financial statements.

NET POSITION

The statement of net position looks at the Authority as a whole. Capital assets are reported less accumulated depreciation. The Authority is engaged only in business-type activities. Table 1 provides a summary of the Authority's net position for 2022 compared to 2021:

Table 1
Net Position

	2022	2021	Change
Assets			
Current Assets	$ 2,405,480	$ 1,085,499	$ 1,319,981
Lease Receivable, Noncurrent	12,703,326	-	12,703,326
Capital Assets, Net	29,617,452	30,184,496	(567,044)
Total Assets	44,726,258	31,269,995	13,456,263
Liabilities			
Current and Other Liabilities	488,465	199,956	288,509
Long-Term Liabilities:			
Due Within One Year	3,398,385	1,727,774	1,670,611
Due in More than One Year	22,384,668	24,439,945	(2,055,277)
Total Liabilities	26,271,518	26,367,675	(990,638)
Deferred Inflows of Resources			
Leases	13,322,045	-	13,322,045
Total Deferred Inflows of Resources	13,322,045	-	13,322,045
Net Position			
Net Investment in Capital Assets	3,834,399	4,016,777	(182,378)
Unrestricted	1,298,296	885,543	412,753
Total Net Position	$ 5,132,695	$ 4,902,320	$ 230,375

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Net position increased by $230,375 in total or 4.7%. Assets, net of depreciation, increased by $13,456,263 in total. Liabilities decreased by $990,638 in total.

CHANGES IN NET POSITION

Table 2 presents details on the changes in net position.

Table 2
Changes in Net Position

	2022	2021 - Restated
Beginning Net Position	$ 4,902,320	$ 4,632,726
Results of Operations	230,375	269,594
Ending Net Position	$ 5,132,695	$ 4,902,320

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

Table 3 reflects the changes in net position for 2022 as compared to 2021:

Table 3
Changes in Net Position

	2022	2021 (Restated)	Change
Operating Revenues			
Grants	$ 312,000	$ 15,865	$ 296,135
Rent	789,559	184,500	605,059
Lease Revenue	1,572,443	-	1,572,443
Utilities Reimbursement	1,985,997	12,041	1,973,956
Contract Termination Fee	-	400,000	(400,000)
Miscellaneous	336,259	107,753	228,506
Total Operating Revenues	4,996,258	720,159	4,276,099
Operating Expenses			
Office Expenses, Professional Fees, Utilities, Real Estate Taxes, and Marketing	2,917,370	150,480	2,766,890
Insurance and Bonding	544,208	69,669	474,539
Licenses & Fees	366	30,269	(29,903)
Repairs & Maintenance	51,074	7,306	43,768
Travel	1,050	-	1,050
Donations	-	600	(600)
Miscellaneous	1,008	40,048	(39,040)
Depreciation	755,441	24,673	730,768
Total Operating Expenses	4,270,517	323,045	3,947,472
Non-Operating Revenues/(Expenses)			
Interest Income	431,760	-	431,760
Interest and Fiscal Charges	(927,126)	(127,520)	(799,606)
Total Non-Operating Revenues/(Expenses)	(495,366)	(127,520)	(367,846)
Change in Net Position	230,375	269,594	(39,219)
Net Position, Beginning of Year	4,902,320	4,632,726	269,594
Net Position, End of Year	$ 5,132,695	$ 4,902,320	$ 230,375

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating revenues increased $4,276,099 or 593.8% mainly due to the increase in lease revenue from tenant rental payments and utilities reimbursement receipts. Operating expenses increased $3,947,472 or 1,221.9% due to significant increase in operating costs as a result of the Authority assuming control of the Hannibal Industrial Park and its tenants.

Lease revenue and utilities reimbursement constitute the largest component of operating revenue. These amount represent 31.5% and 39.7% of total operating revenues, respectively, and demonstrates the reliance the Authority has on these revenues from outside sources.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the Authority had $29,617,452 invested in capital assets, net of accumulated depreciation. Table 4 shows 2022 balances compared to 2021.

Table 4
Capital Assets, Net of Depreciation

	2022	2021
Land	$ 5,969,900	$ 5,969,900
Construction in Process	96,457	91,560
Buildings and Improvements	21,831,091	22,224,012
Land Improvements	68,614	70,625
Leasehold Improvements	69,007	70,899
Equipment	1,582,383	1,757,500
Ending Unrestricted	$ 29,617,452	$ 30,184,496

The total decrease in the Authority's capital assets, net of accumulated depreciation, for the current year was $567,044, or 1.9%.

For additional information on capital assets, see Note 4 to the basic financial statements.

Debt

At December 31, 2022, the Authority has $25,783,053 in outstanding debt. For additional information on the Authority's long-term obligations, see Note 6 to the basic financial statements.

CONTACT INFORMATION

The financial report is designed to provide our citizens, taxpayers, contributors, and creditors with a general overview of the Authority's finances and to reflect the Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Tracey Craig, Board Member, Monroe County Port Authority, 48301 State Route 800, Woodsfield, Ohio 43793.

MONROE COUNTY PORT AUTHORITY
MONROE COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

Assets		
		2022
Current Assets:		
Cash and Cash Equivalents	$	1,013,216
Accounts Receivable		100,000
Interest Receivable		35,052
Lease Receivable - Current Portion		1,257,212
Total Current Assets		2,405,480
Non-Current Assets:		
Lease Receivable - Noncurrent Portion		12,703,326
Non-Depreciable Capital Assets		6,066,357
Depreciable Capital Assets, Net		23,551,095
Total Non-Current Assets		42,320,778
Total Assets	$	44,726,258
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities:		
Current Liabilities:		
Payroll Liabilities	$	4,860
Accounts Payable		289,702
Intergovernmental Payable		1,516
Accrued Interest Payable		45,030
Security Deposits Payable		147,357
Total Current Liabilities		488,465
Long-Term Liabilities:		
Portion due within one year:		
Current Portion of Loan Payable		2,387,385
Bond Payable, Net		1,011,000
Portion due in more than one year:		
Loan Payable		22,384,668
Total Long-Term Liabilities		25,783,053
Total Liabilities		26,271,518
Deferred Inflows of Resources:		
Leases		13,322,045
Total Deferred Inflows of Resources		13,322,045
Total Liabilities and Deferred Inflows of Resources		39,593,563
Net Position:		
Net Investment in Capital Assets		3,834,399
Unrestricted		1,298,296
Total Net Position	$	5,132,695

See accompanying notes to the financial statements.

MONROE COUNTY PORT AUTHORITY
MONROE COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

Operating Revenues:	
Grants	$ 312,000
Rent	789,559
Lease Revenue	1,572,443
Utilities Reimbursement	1,985,997
Miscellaneous	336,259
Total Operating Revenues	4,996,258
Operating Expenses:	
Salaries and Benefits	175,740
Office Expenses	6,049
Professional Fees	470,734
Utilities	2,132,673
Real Estate Taxes	132,174
Insurance and Bonding	544,208
Licenses & Fees	366
Repairs & Maintenance	51,074
Travel	1,050
Miscellaneous	1,008
Depreciation	755,441
Total Operating Expenses	4,270,517
Operating Income	725,741
Non-Operating Revenues/(Expenses)	
Interest Income	431,760
Interest and Fiscal Charges	(927,126)
Total Non-Operating Revenues/(Expenses)	(495,366)
Change in Net Position	230,375
Net Position, Beginning of Year	4,902,320
Net Position, End of Year	$ 5,132,695

See accompanying notes to the financial statements.

MONROE COUNTY PORT AUTHORITY
MONROE COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Grantors, Rentors, and Other	$ 3,886,454
Cash Payments for Employee Services and Benefits	(170,880)
Cash Payments for Goods and Services	(3,026,965)
Other Operating Revenues	336,259
Net Cash Provided by Operations	1,024,868
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(188,397)
Interest Earned from Lease Arrangements	431,760
Debt Proceeds	331,500
Principal Paid on Debt	(716,166)
Interest Paid on Debt	(955,848)
Net Cash Used by Capital and Related Financing Activities	(1,097,151)
Net Increase in Cash and Cash Equivalents	(72,283)
Cash and Cash Equivalents - January 1	1,085,499
Cash and Cash Equivalents - December 31	$ 1,013,216
Adjustments to Reconcile Operating Income to Cash Flows From Operating Activities	
Net Operating Income	$ 725,741
Depreciation/Amortization	755,441
Decrease/(Increase) in Accounts Receivable	(100,000)
Decrease/(Increase) in Leases Receivable	(13,960,538)
Increase/(Decrease) in Accrued Payroll and Taxes	4,860
Increase/(Decrease) in Accounts Payable	275,803
Increase/(Decrease) in Intergovernmental Payable	1,516
Increase/(Decrease) in Deferred Inflows - Leases	13,322,045
Total Adjustments	299,127
Net Cash Provided by Operating Activities	$ 1,024,868

See accompanying notes to the financial statements.

NOTE 1 – REPORTING ENTITY

The Monroe County Port Authority, Monroe County, Ohio, (the Authority) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority operates under the direction of a five-member Board of Directors. The Board is appointed by the Monroe County Commissioners. The Authority is authorized to purchase, construct, sell, lease and operate facilities within its jurisdiction as enumerated in Ohio Revised Code sections 4582.21 through 4582.59.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Authority's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

The Authority's financial statements consist of government-wide statements, including a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

B. Measurement Focus

The government-wide financial statements are prepared using the flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the 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 total net position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

D. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include grants and donations. 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 Authority must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

E. **Deferred Outflows/Inflows of Resources**

In addition to assets, the statements 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. Deferred outflows related to pensions and other postemployment benefits (OPEB) were immaterial for 2022.

In addition to liabilities, the statements of financial position 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 are related to leases in 2022 and are reported on the statement of net position. The lease activity is explained in Note 10.

F. **Expenses**

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

G. **Budgetary Process**

The Ohio Revised Code requires that the Authority's Board of Directors prepare an annual budget.

H. **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level, and appropriations may not exceed estimated resources. The Board of Directors must annually approve appropriation measures and subsequent amendments.

I. **Estimated Resources**

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

J. **Encumbrances**

The Ohio Revised Code requires the Authority to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Cash and Cash Equivalents

Cash assets are maintained in non-interest bearing and interest-bearing checking and money market accounts.

The Authority had no investments during the year or at year end.

L. Receivables and Payables

Receivables and payables are recorded on the Authority's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and, in the case of receivables, collectability.

M. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

N. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. All capital assets are depreciated, except land. Depreciation is computed using the straight-line method over five years of the useful lives for machinery and equipment and over 50 years for buildings.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

O. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and liabilities used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority does not have restricted net position.

P. Leases

The Authority serves as lessor in various noncancellable leases which are accounted for as follows. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. **Operating Revenues and Expenses**

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

R. **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.

S. **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 management and that are either unusual in nature or infrequent in occurrence. The Authority did not have any extraordinary or special items in 2022.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

1. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority Treasury, in commercial accounts payable or that can be withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

2. Inactive deposits are public deposits that the 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.

3. 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 by savings or deposit accounts including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury Bills, Bonds, Notes, 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;

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposits or savings or deposit accounts, including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

Investment may only be made through specified dealers and institutions. Payments for investments may be made only upon 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 for deposits is the risk that in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $316,778 of the Authority's total bank balances of $1,085,538 were covered by the FDIC and the balance was covered by eligible securities pledged to the Authority. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Authority to a successful claim by the FDIC.

The Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

> Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

The Authority's financial institutions participates in OPCS or are collateralized by securities specifically pledged by the financial institution to the Authority. Deposits are insured by the FDIC, collateralized through OPCS, or collateralized by securities pledged by the financial institution.

NOTE 4 - CAPITAL ASSETS

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

	Balance at 12/31/21	Additions	Deletions	Balance at 12/31/22
Non-Depreciable Capital Assets:				
Land	$ 5,969,900	$ -	$ -	$ 5,969,900
Construction in Process	91,560	4,897	-	96,457
Total Non-Depreciable Capital Assets	6,061,460	4,897	-	6,066,357
Depreciable Capital Assets:				
Buildings	22,281,609	183,500	-	22,465,109
Equipment	1,757,500	-	-	1,757,500
Land Improvements	70,625	-	-	70,625
Leasehold Improvements	73,805	-	-	73,805
Total Depreciable Capital Assets:	24,183,539	183,500	-	24,367,039
Less Accumulated Depreciation:				
Buildings	(57,597)	(576,421)	-	(634,018)
Equipment	-	(175,117)	-	(175,117)
Land Improvements	-	(2,011)	-	(2,011)
Leasehold Improvements	(2,906)	(1,892)	-	(4,798)
Total Accumulated Depreciation:	(60,503)	(755,441)	-	(815,944)
Total Depreciable Capital Assets, Net	24,123,036	(571,941)	-	23,551,095
Total Capital Assets, Net	$30,184,496	$ (567,044)	$ -	$29,617,452

NOTE 5 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority contracts with Cincinnati Specialty Underwriters Insurance Co., who, on behalf of the Authority, negotiates property and casualty insurance coverage with St Paul Fire and Marine Insurance Co and Travelers Casualty & Surety Co. of America for management and professional insurance coverage. The following lists the coverage limits and deductibles:

Property ($500 Deductible):	
Contents	$50,000
Crime ($250 Deductible):	
Employee Dishonesty/Forgery or Alteration	50,000
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	2,000,000
Products-Completed Operations Aggregate Limit	2,000,000
Personal & Advertising Injury Limit	1,000,000

NOTE 5 – RISK MANAGEMENT (CONTINUED)

Hired and Non-owned Auto Liability	1,000,000
Fire Damage Limit	100,000
Medical Expense Limit	5,000
Directors & Officers Liability:	
Each Occurrence	1,000,000
Scheduled Retention	2,500/5,000

Bond Coverage for the Secretary/Treasurer is included in Non-Profit Organization and Management Liability Insurance Policy.

There were no significant reductions in coverage from prior years. Settlements have not exceeded coverage in any of the last three years.

The Authority pays the State Workers' Compensation System a premium for employee injury coverage based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 6 – CHANGE IN ACCOUNTING PRINCIPLE

For 2022, the Authority implemented Government Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from GASB Implementation Guide No. 2019-3, Leases. GASB Statement 87 enhances the relevance and consistency of information of the Authority's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. 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. There was no effect on the beginning net position as a result of the implementation of this statement.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Net Pension Liability or Asset

The net pension liability or asset reported on the statement of net position represent a liability or asset 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 have already occurred.

The net pension liability or asset represents the 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 or asset 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.

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Governmental Accounting Standards Board (GASB) No. 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 or asset. Resulting adjustments to the net pension liability or asset 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 or asset on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included as payroll liabilities.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The Authority employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) is a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) is a cost sharing, multiple employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD. While members may elect the member-directed plan and the combined plan, all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses mainly on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional 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 and combined plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information):

NOTE 7 – 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

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.

Once a benefit recipient retiring under the Traditional Plan has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided on the member's base benefit. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their retirement benefit. 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. Additionally, a death benefit of $500 - $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional and Combined Plans.

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

	State and Local 2022
Statutory maximum contribution rates	
Employer	14%
Employee	10%
Actual contribution rates	
Employer:	
Pension	14%
Post-employment health care benefits	-
Total employer	14%
Employee	10%

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The Authority's contractually required contribution for the Traditional Pension Plan and Combined Plan to OPERS was $19,001 for 2022.

Net Pension Liability/(Asset), Pension Expense, Deferred Outflows of Resources Related to Pensions and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2021 and the total pension liability and total pension asset were determined by an actuarial valuation as of that date. The Authority's proportion of both was based on the 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 2022
Proportion of pension liability - prior measurement date	0.000000%
Proportion of pension liability - current measurement date	0.000000%
Change in proportionate share	0.000000%
Proportion of pension asset - prior measurement date	0.000000%
Proportion of pension asset - current measurement date	0.000000%
Change in proportionate share	0.000000%

	2022
Proportionate share of net pension liability	$ -
Proportionate share of net pension asset	-
Pension expense	-

The Authority did not record deferred outflows or deferred inflows of resources as they were immaterial.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Experience study	5 - year period ended December 31, 2020
Wage inflation	2.75 percent
Future salary increases, including inflation - Traditional plan	2.75 percent to 10.75 percent
Future salary increases, including inflation - Combined plan	2.75 percent to 8.25 percent
COLA or Ad Hoc COLA	Pre January 7, 2013 retirees, 3 percent, simple Post January 7, 2013 retirees, 3 percent, simple through 2020, then 2.05 percent, simple
Investment rate of return	6.9 percent
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee mortality tables for males and females, for State and Local Government divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree mortality tables for both males and females, for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree mortality tables for males and females, for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales for males and females, to all of these tables.

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.

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. 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.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9%) or one-percentage-point higher (7.9%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's Net Pension Liability/(Asset)			
Traditional Plan	$0	$0	$0

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Net OPEB Liability or Asset

OPEB is a component of exchange transactions-between an employer and its employees-of salaries and benefits for employee services. OPEB 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 net OPEB liability or asset represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability or asset 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 these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability or asset. Resulting adjustments to the net OPEB liability or asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Ohio Public Employees Retirement System

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty 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 OPEB as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information.

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 OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, 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 postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board of Trustees, a portion of each employer's contribution to OPERS 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 2022, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board 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 Pension Plan and Combined Plan was 0.0% during calendar year 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay 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 into the RMA for participants in the Member-Directed Plan for 2022 was 4.0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $0 for 2022.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

OPEB Liabilities or Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability or asset and total OPEB liability or asset for OPERS was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Authority's proportion of the net OPEB liability or asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

		OPERS 2022
Proportion of the net OPEB liability or asset:		
Prior measurement date		0.000000%
Current measurement date		0.000000%
Change in proportionate share		0.000000%
Proportionate share of the net		
OPEB liability (asset)	$	-
OPEB expense	$	-

There were no deferred inflows or outflows for the year ending December 31, 2022.

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Experience study	5 - year period ended December 31, 2020
Wage inflation	2.75 percent
Projected salary increases	2.75 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Single discount rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment rate of returm	6.00 percent
Municipal bond rate	1.84 percent
Health care cost trend rate	5.50 percent, initial 3.50 percent, ultimate in 2034
Actuarial cost method	Individual entry age normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee mortality tables for males and females, for State and Local Government divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree mortality tables for both males and females, for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree mortality tables for males and females, for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales for males and females, to all of these tables.

The long-term expected rate of return on health care 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.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2021, the best estimates are summarized in the following table:

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Asset class	Target allocation	Weighted average long-term expected real rate of return (arithmetic)
Fixed income	34.00%	0.91%
Domestic equities	25.00%	3.78%
Real estate investment trust	7.00%	3.71%
International equities	25.00%	4.88%
Risk parity	2.00%	2.92%
Other investments	7.00%	1.93%
Total	100.00%	3.45%

Discount Rate

A single discount rate of 6.00% was used to measure the OPEB liability or asset on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the OPEB liability or asset on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net OPEB liability or asset calculated using the single discount rate of 6.00%, as well as what the Authority's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current discount rate (6.00%)	1% Increase (7.00%)
Employer proportionate share of the net OPEB liability/(asset)	$ -	$ -	$ -

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current health care cost trend rate assumption	1% Increase
Employer proportionate share of the net OPEB liability/(asset)	$ -	$ -	$ -

NOTE 9 – LONG-TERM OBLIGATIONS AND OTHER OBLIGATIONS

Changes in the Authority's long-term obligations during the year consisted of the following:

	Balance At December 31, 2021	Additions	Reduction	Balance at December 31, 2022	Due in One Year
Wes Banco Loan -3.7%	$ 1,804,719	$ -	$ 127,833	$ 1,676,886	$1,676,886
Economic Development Special Obligation Revenue Note Series 2021A- 3.0%	1,352,000	-	-	1,352,000	90,133
Hannibal Mortgage - 3.75%	22,000,000	-	588,333	21,411,667	610,499
Bond Payable - Series 2021 -1.5%	1,011,000	-	-	1,011,000	1,011,000
Citizens Bank Loan 1840-3.0%	-	148,000	-	148,000	9,867
AHP Roof Loan	-	183,500	-	183,500	-
	$ 26,167,719	$ 331,500	$ 716,166	$ 25,783,053	$3,398,385

WesBanco Loan

The Authority has an outstanding loan with WesBanco for the purchase of land acquired in previous years. The note is payable in monthly installments at an annual percentage rate of 3.70%, with a final balloon payment due June 28, 2023. The note is supported by the full faith and credit of the Authority.

Amortization of the above debt, including interest, is scheduled as follows:

NOTE 9 – LONG-TERM OBLIGATIONS AND OTHER OBLIGATIONS (CONTINUED)

	Principal	Interest	Total
2023	$1,676,886	$ 30,826	$ 1,707,712
Totals	$ 1,676,886	$ 30,826	$ 1,707,712

Economic Development Special Obligation Revenue Notes Series 2021 A

The Authority obtained a note payable in the amount of $1,352,000 from The Citizens National Bank of Woodfield to provide partial financing of the purchase of the Hannibal Industrial Park. Interest-only payments will be made monthly until May 2023, when payments will become annual and include principal and interest. The interest rate of the note is 3.0%. The note is supported by the full faith and credit of the Authority.

Amortization of the above debt, including interest, is scheduled as follows:

	Principal	Interest	Total
2023	$ 90,133	$ 16,780	$ 106,913
2024	90,133	37,856	127,989
2025	90,133	35,152	125,285
2026	90,133	32,448	122,581
2027	90,133	29,744	119,877
2028-3032	450,667	108,160	558,827
2033-2037	450,668	40,560	491,228
Totals	$ 1,352,000	$ 300,700	$ 1,652,700

Hannibal Mortgage

The Authority has a mortgage with a remaining principal balance of $21,411,667 from Hannibal Real Estate LLC to provide partial financing of the purchase of the Hannibal Industrial Park. The mortgaage is payable in monthly installments of $116,918 at an annual percentage rate of 3.75%, with a final balloon payment due December 31, 2031. The note is supported by the full faith and credit of the Authority.

Amortization of the above debt, including interest, is scheduled as follows:

	Principal	Interest	Total
2023	$ 610,499	$ 792,515	$ 1,403,014
2024	633,790	769,224	1,403,014
2025	657,970	745,044	1,403,014
2026	683,073	719,942	1,403,015
2027	709,133	693,882	1,403,015
2028-2031	18,117,202	2,494,464	20,611,666
Totals	$ 21,411,667	$ 6,215,071	$ 27,626,738

NOTE 9 – LONG-TERM OBLIGATIONS AND OTHER OBLIGATIONS (CONTINUED)

Bonds Payable – Series 2021

The Authority issued a bond in the amount of $1,011,000 in December 2021, to provide partial financing of the purchase of the Hannibal Industrial Park. The bond was issued at a rate of 1.50%. This bond was paid off during the year ending 2022.

Bonds Payable – Series 2022

The Authority issued a bond in the amount of $1,011,000 to provide partial financing of the purchase of the Hannibal Industrial Park. This bond was a refinance of the previous bond issued in 2021. The bond is expected to be repaid in May 2023. The bond has been issued at a rate of 1.50%. The bond is supported by the full faith and credit of the Authority.

Amortization of the above debt, including interest, is scheduled as follows:

	Principal	Interest	Total
2023	$ 1,011,000	$ 12,722	$ 1,023,722
Totals	$ 1,011,000	$ 12,722	$ 1,023,722

Citizens National Bank Loan

The Authority obtained a loan from Citizens National Bank in June to provide partial financing of the purchase of Hannibal Industrial Park. The loan is payable in variable monthly payments at an annual percentage rate of 3.0%, maturing in May 2037.

Amortization of the above debt, including interest, is scheduled as follows:

	Principal	Interest	Total
2023	$ 9,867	$ 3,734	$ 13,601
2024	9,867	4,155	14,022
2025	9,867	3,848	13,715
2026	9,867	3,552	13,419
2027	9,867	3,256	13,123
2028-2032	49,333	11,853	61,186
2033-2037	49,332	4,442	53,774
Totals	$ 148,000	$ 34,840	$ 182,840

AHP Roof Loan

The Authority borrowed $183,500 from American Heavy Plates (AHP) to pay for roof repairs on the building leased by AHP. The Authority will reimburse AHP using $100,000 from a grant expected to be received in 2023. The remaining balance will be repaid by reducing 6 months of rent payments, from December 2022 to May 2023. No interest is due to AHP upon repayment.

NOTE 10 – LEASES

The Authority acts as a lessor under lease agreements in accordance with GASB 87, Leases. Upon acquiring the Hannibal Industrial Park, the Authority assumed control of lease arrangements with tenants leasing yard, office, and building space from the Authority. These arrangements are as follows:

On January 1, 2022, the Authority assumed control of a lease agreement with CAM Safety, LLC (CAM) for the use of premises at the Hannibal Industrial Park. The Authority leases the premises to facilitate CAM's operation. However, no capital improvements or alterations of the project site is allowable without the Authority's express written approval. Rent is variable on an annual basis with monthly payment amounts of $2,500 for the first year, $2,600 for the second year, and $2,700 through the end of the lease term. The term of the lease will expire on July 31, 2025.

On January 1, 2022, the Authority assumed control of a lease agreement with Equinor USA Onshore Properties, LLC (Equitor) for the use of premises at the Hannibal Industrial Park. The Authority leases the premises to facilitate Equitor's operation. However, no capital improvements or alterations of the project site is allowable without the Authority's express written approval. Rent is paid monthly in the amount of $12,900. The term of the lease will expire on May 31, 2024.

On January 1, 2022, the Authority assumed control of a lease agreement with Industrial Services Group, Inc. (ISG) for the use of premises at the Hannibal Industrial Park. The Authority leases the premises to facilitate ISG's operation. However, no capital improvements or alterations of the project site is allowable without the Authority's express written approval. Rent is paid monthly in the amount of $12,686. The term of the lease will expire on May 31, 2024.

On January 1, 2022, the Authority assumed control of a lease agreement with American Heavy Plate Solutions, LLC (AHPS) for the use of premises at the Hannibal Industrial Park. The Authority leases the premises to facilitate AHPS's operation. However, no capital improvements or alterations of the project site is allowable without the Authority's express written approval. Rent is variable on an intermittent basis with monthly payment amounts of $84,259 for the 17 months, $128,558 for the following 82 months, and $136,607 through the end of the lease term. The term of the lease will expire on January 31, 2033.

Lease-related revenue from the preceding agreements was received from the following sources during the year ended December 31, 2022:

Lease-related Revenue	Year Ending December 31, 2022
Lease Revenue	
Yard/Office Space	$ 135,034
Building	1,437,409
Total Lease Revenue	1,572,443
Interest Revenue	431,760
Total	$ 2,004,203

Future inflows for the duration of the term are as follows:

NOTE 10 – LEASES (CONTINUED)

Maturity Analysis	Principal	Interest	Total Receipts
Year Ending December 2023	$ (1,257,212)	$ (401,522)	$ (1,658,734)
Year Ending December 2024	(1,350,691)	(351,635)	(1,702,326)
Year Ending December 2025	(1,249,652)	(311,945)	(1,561,596)
Year Ending December 2026	(1,267,420)	(275,276)	(1,542,696)
Year Ending December 2027	(1,304,538)	(238,158)	(1,542,696)
5 Years Ending December 2032	(7,394,746)	(584,353)	(7,979,100)
5 Years Ending December 2037	(136,279)	(328)	(136,607)
Total Future Receipts	$ (13,960,538)	$ (2,163,216)	$ (16,123,755)

NOTE 11 – COVID-19

Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Authority's financial position and/or the results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 12 – SUBSEQUENT EVENTS

The Authority evaluated subsequent events and transactions that occurred after the date of the statement of net position up to May 30, 2023, the date that the financial statements were issued. No events have occurred subsequent to the date of the financial statements through the report date that would require adjustment or disclosure in the financial statements.

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The Monroe County Port Authority's (the Authority) Management's Discussion and Analysis is designed to a) assist the reader in focusing on significant financial issues; b) provide an overview of the Authority's financial activity; c) identify changes in the Authority's financial position (its ability to address the next and subsequent years challenges), and d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's assets exceeded liabilities by $4,902,320 at the close of the year ended December 31, 2021. Of this amount, the Authority had an unrestricted balance of $885,543 that may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net position increased by $269,594. This decrease is attributable to expenses exceeding revenues from investment in ongoing projects.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The Authority's basic financial statements consist of the statement of net position, the statement of revenues, expenses, and changes in net position, the statement of cash flows, and the accompanying notes to the basic financial statements. These statement report information about the Authority and its activities.

The Authority utilizes a single enterprise fund using proprietary fund accounting. The enterprise accounting method is similar to that used by private-sector accounting. The statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position is similar to a balance sheet. This statement reports the resources owned by the Authority (assets and deferred outflows of resources), obligations owed by the Authority (liabilities and deferred inflows of resources), and the Authority's net position (the difference between these components).

The focus of the statement of net position (unrestricted net position) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position is reported in three broad categories:

> Net Investment in Capital Assets: This component of net position consists of all capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> Restricted: This component of net position consists of restricted assets, upon which constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
>
> Unrestricted: Consists of net position that does not meet the definition of Net Investment in Capital Assets, or Restricted.

The statement of revenues, expenses and change in net position is similar to an income statement. This statement includes operating revenues, operating expenses, and non-operating revenue and expenses.

OVERVIEW OF BASIC FINANCIAL STATEMENTS (CONTINUED)

Revenue is reported when earned and expenses are reported when incurred.

The focus of the statement of revenues, expenses and changes in net position is the "change in net position", which is similar to net income or loss.

The statement of cash flows provides information about the Authority's cash receipts and disbursements during the year. It summarizes net changes in cash resulting from operating, investing, and financing activities.

The notes to the financial statements provide additional information that is essential for a full understanding of the financial statements.

NET POSITION

The statement of net position looks at the Authority as a whole. Capital assets are reported less accumulated depreciation. The Authority is engaged only in business-type activities. Table 1 provides a summary of the Authority's net position for 2021 compared to 2020:

Table 1
Net Position

	2021	2020	Change
Assets			
Current Assets	$ 1,085,499	$ 1,571,181	$ (485,682)
Capital Assets, Net	30,184,496	-	30,184,496
Total Assets	31,269,995	1,571,181	29,698,814
Liabilities			
Current and Other Liabilities	199,956	-	199,956
Long-Term Liabilities:			
Due Within One Year	1,727,774	-	1,727,774
Due in More than One Year	24,439,945	-	24,439,945
Total Liabilities	26,367,675	-	26,367,675
Net Position			
Net Investment in Capital Assets	4,016,777	-	4,016,777
Unrestricted	885,543	1,571,181	(685,638)
Total Net Position	$ 4,902,320	$ 1,571,181	$ 3,331,139

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Net position increased by $269,594 in total or 5.82%. Assets increased by $29,698,814 in total. Liabilities increased by $26,367,675 in total. These increases are attributable to the acquisition and financing of the Hannibal Industrial Park. These increases in reported net position, assets, and liabilities are due to the change in reporting basis from regulatory cash basis for the year ended December 31, 2020, to accrual basis for the year ended December 31, 2021.

CHANGES IN NET POSITION

Table 2 presents details on the changes in net position.

Table 2
Changes in Net Position

	2021 - Restated	2020
Beginning Net Position	$ 4,632,726	$ 420,828
Results of Operations	269,594	1,150,353
Ending Net Position	$ 4,902,320	$ 1,571,181

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

Table 3 reflects the changes in net position for 2021 as compared to 2020:

Table 3
Changes in Net Position

	2021 (Restated)	2020 (Regulatory Basis)	Change
Operating Revenues			
Grants	$ 15,865	$ -	$ 15,865
Rent	184,500	148,534	35,966
Property Sales and Options	-	3,000,000	(3,000,000)
Utilities Reimbursement	12,041	10,830	1,211
Contract Termination Fee	400,000	-	400,000
Miscellaneous	107,753	5,823	101,930
Total Operating Revenues	720,159	3,165,187	(2,445,028)
Operating Expenses			
Office Expenses, Professional Fees, Utilities, Real Estate Taxes, and Marketing	150,480	142,817	7,663
Insurance and Bonding	69,669	6,223	63,446
Licenses & Fees	30,269	6,194	24,075
Repairs & Maintenance	7,306	5,957	1,349
Donations	600	-	600
Miscellaneous	40,048	1,586	38,462
Property and Equipment Purchases	-	49,605	(49,605)
Principal Retirement	-	1,659,083	(1,659,083)
Depreciation	24,673	-	24,673
Total Operating Expenses	323,045	1,871,465	(1,548,420)
Non-Operating Revenues/(Expenses)			
Interest and Fiscal Charges	(127,520)	(143,369)	(15,849)
Total Non-Operating Revenues/(Expenses)	(127,520)	(143,369)	(15,849)
Change in Net Position	269,594	1,150,353	(880,759)
Net Position, Beginning of Year	4,632,726	420,828	4,211,898
Net Position, End of Year	$ 4,902,320	$ 1,571,181	$ 3,331,139

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating revenues decreased $2,445,028 or 77.2% mainly due to the single year property sale receipt from 2020. Operating expenses decreased $1,548,420 or 82.7% due to change in accounting basis that removed the reporting of principal and interest payments related to long-term debt from operating expense classification.

Rental income is the largest recurring operating revenue in the amount of $184,500. This amount represents 25.6% of total operating revenues and demonstrates the reliance the Authority has on these revenues from outside sources. A one-time revenue from a contract termination fee related to the Hannibal Industrial Park acquisition accounted for $400,000 of operating revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the Authority had $30,184,496 invested in capital assets, net of accumulated depreciation. Table 4 shows 2021 balances compared to 2020.

Table 4
Capital Assets, Net of Depreciation

	2021	2020
Land	$ 5,969,900	$ 4,110,500
Construction in Process	91,560	-
Buildings and Improvements	22,224,012	863,951
Land Improvements	70,625	-
Leasehold Improvements	70,899	48,333
Equipment	1,757,500	-
Ending Unrestricted	$ 30,184,496	$ 5,022,784

The total increase in the Authority's capital assets, net of accumulated depreciation, for the current year was $25,161,712, or 501%. This change is mainly due to the acquisition of the Hannibal Industrial Park.

For additional information on capital assets, see Note 4 to the basic financial statements.

Debt

At December 31, 2021, the Authority has $26,167,719 in outstanding debt. For additional information on the Authority's long-term obligations, see Note 6 to the basic financial statements.

CONTACT INFORMATION

The financial report is designed to provide our citizens, taxpayers, contributors, and creditors with a general overview of the Authority's finances and to reflect the Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Tracey Craig, Board Member, Monroe County Port Authority, 48301 State Route 800, Woodsfield, Ohio 43793.

MONROE COUNTY PORT AUTHORITY
MONROE COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2021

Assets		
Current Assets:		
Cash and Cash Equivalents	$	1,085,499
Total Current Assets		1,085,499
Non-Current Assets:		
Non-Depreciable Capital Assets		6,061,460
Depreciable Capital Assets, Net		24,123,036
Total Non-Current Assets		30,184,496
Total Assets	$	31,269,995
Liabilities and Net Position		
Liabilities:		
Current Liabilities:		
Accounts Payable	$	13,899
Accrued Interest Payable		38,700
Security Deposits Payable		147,357
Total Current Liabilities		199,956
Long-Term Liabilities:		
Portion due within one year:		
Current Portion of Loan Payable		716,774
Bond Payable, Net		1,011,000
Portion due in more than one year:		
Loan Payable		24,439,945
Total Long-Term Liabilities		26,167,719
Total Liabilities		26,367,675
Net Position:		
Net Investment in Capital Assets		4,016,777
Unrestricted		885,543
Total Net Position	$	4,902,320

See accompanying notes to the financial statements.

MONROE COUNTY PORT AUTHORITY
MONROE COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

Operating Revenues:	
Grants	$ 15,865
Rent	184,500
Utilities Reimbursement	12,041
Contract Termination Fee	400,000
Miscellaneous	107,753
Total Operating Revenues	720,159
Operating Expenses:	
Office Expenses	36
Professional Fees	88,301
Utilities	15,226
Real Estate Taxes	41,917
Marketing	5,000
Insurance and Bonding	69,669
Licenses & Fees	30,269
Repairs & Maintenance	7,306
Donations	600
Miscellaneous	40,048
Depreciation	24,673
Total Operating Expenses	323,045
Operating Income	397,114
Non-Operating Revenues/(Expenses)	
Interest and Fiscal Charges	(127,520)
Total Non-Operating Revenues/(Expenses)	(127,520)
Change in Net Position	269,594
Net Position, Beginning of Year - Restated	4,632,726
Net Position, End of Year	$ 4,902,320

See accompanying notes to the financial statements.

MONROE COUNTY PORT AUTHORITY
MONROE COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Grantors, Rentors, and Other	$ 212,406
Cash Payments for Goods and Services	(284,473)
Other Operating Revenues	507,753
Net Cash Provided by Operations	435,686
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisisitons	(25,079,938)
Debt Proceeds	24,363,000
Principal Paid on Debt	(115,610)
Interest Paid on Debt	(88,820)
Net Cash Used by Capital and Related Financing Activities	(921,368)
Net Increase in Cash and Cash Equivalents	(485,682)
Cash and Cash Equivalents - January 1	1,571,181
Cash and Cash Equivalents - December 31	$ 1,085,499
Adjustments to Reconcile Operating Income to Cash Flows From Operating Activities	
Net Operating Income	$ 397,114
Depreciation/Amortization	24,673
Increase/(Decrease) in Accounts Payable	13,899
Total Adjustments	38,572
Net Cash Provided by Operating Activities	$ 435,686

See accompanying notes to the financial statements.

NOTE 1 – REPORTING ENTITY

The Monroe County Port Authority, Monroe County, Ohio, (the Authority) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority operates under the direction of a five-member Board of Directors. The Board is appointed by the Monroe County Commissioners. The Authority is authorized to purchase, construct, sell, lease and operate facilities within its jurisdiction as enumerated in Ohio Revised Code sections 4582.21 through 4582.59.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Authority's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

The Authority's financial statements consist of government-wide statements, including a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

B. Measurement Focus

The government-wide financial statements are prepared using the flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the 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 total net position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

D. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include grants and donations. 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 Authority must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

E. **Expenses**

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

F. **Budgetary Process**

The Ohio Revised Code requires that the Authority's Board of Directors prepare an annual budget.

G. **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level, and appropriations may not exceed estimated resources. The Board of Directors must annually approve appropriation measures and subsequent amendments.

H. **Estimated Resources**

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

I. **Encumbrances**

The Ohio Revised Code requires the Authority to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

J. **Cash and Cash Equivalents**

Cash assets are maintained in non-interest bearing and interest-bearing checking and money market accounts. The Authority had no investments during the year or at year end. For purposes of the statement of cash flows, the Authority does not have any investments; so all cash balances are included in the statement of cash flows.

K. **Receivables and Payables**

Receivables and payables are recorded on the Authority's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and, in the case of receivables, collectability.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

M. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. All capital assets are depreciated, except land. Depreciation is computed using the straight-line method over five years of the useful lives for machinery and equipment and over 50 years for buildings.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

N. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and liabilities used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority does not have restricted net position.

O. Operating Revenues and Expenses

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

P. 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.

Q. 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 management and that are either unusual in nature or infrequent in occurrence. The Authority did not have any extraordinary or special items in 2021.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

1. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority Treasury, in commercial accounts payable or that can be withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

2. Inactive deposits are public deposits that the 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.

3. 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 by savings or deposit accounts including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury Bills, Bonds, Notes, 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, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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

5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

6. The State Treasurer's investment pool (STAROhio);

7. Certain bankers’ acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

Investment may only be made through specified dealers and institutions. Payments for investments may be made only upon 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 for deposits is the risk that in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $304,358 of the Authority's total bank balances of $1,085,538 were covered by the FDIC and the balance was covered by eligible securities pledged to the Authority. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Authority to a successful claim by the FDIC.

The Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

The Authority's financial institutions participates in OPCS or are collateralized by securities specifically pledged by the financial institution to the Authority. Deposits are insured by the FDIC, collateralized through OPCS, or collateralized by securities pledged by the financial institution.

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended December 31, 2021 was as follows:

	Balance at 12/31/2020	Additions	Deletions	Balance at 12/31/2021
Non-Depreciable Capital Assets:				
Land	$ 4,110,500	$ 1,859,400	$ -	$ 5,969,900
Construction in Process	-	91,560	-	91,560
Total Non-Depreciable Capital Assets	4,110,500	1,950,960	-	6,061,460
Depreciable Capital Assets:				
Buildings	898,509	21,383,100	-	22,281,609
Equipment	-	1,757,500	-	1,757,500
Land Improvements	-	70,625	-	70,625
Leasehold Improvements	49,605	24,200	-	73,805
Total Depreciable Capital Assets:	948,114	23,235,425	-	24,183,539
Less Accumulated Depreciation:				
Buildings	(34,558)	(23,039)	-	(57,597)
Leasehold Improvements	(1,272)	(1,634)	-	(2,906)
Total Accumulated Depreciation:	(35,830)	(24,673)	-	(60,503)
Total Depreciable Capital Assets, Net	912,284	23,210,752	-	24,123,036
Total Capital Assets, Net	$ 5,022,784	$ 25,161,712	$ -	$ 30,184,496

NOTE 5 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority contracts with USI Insurance Services, LLC who, on behalf of the Authority, negotiates property and casualty insurance coverage with St Paul Fire and Marine Insurance Co and Travelers Casualty & Surety Co. of America for management and professional insurance coverage. The following lists the coverage limits and deductibles:

Property ($500 Deductible):	
Contents	$50,000
Crime ($250 Deductible):	
Employee Dishonesty/Forgery or Alteration	50,000
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	2,000,000
Products-Completed Operations Aggregate Limit	2,000,000
Personal & Advertising Injury Limit	1,000,000

NOTE 5 – RISK MANAGEMENT (CONTINUED)

Hired and Non-owned Auto Liability	1,000,000
Fire Damage Limit	100,000
Medical Expense Limit	5,000
Directors & Officers Liability:	
Each Occurrence	1,000,000
Scheduled Retention	2,500/5,000

Bond Coverage for the Secretary/Treasurer is included in Non-Profit Organization and Management Liability Insurance Policy.

There were no significant reductions in coverage from prior years. Settlements have not exceeded coverage in any of the last three years.

The Authority pays the State Workers' Compensation System a premium for employee injury coverage based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 6 – LONG-TERM OBLIGATIONS AND OTHER OBLIGATIONS

Changes in the Authority's long-term obligations during the year consisted of the following:

	Balance At December 31, 2020	Additions	Reduction	Balance at December 31, 2021	Due in One Year
Wes Banco Loan -3.7%	$ 1,920,329	$ -	$ 115,610	$ 1,804,719	$ 128,721
Economic Development Special Obligation Revenue Note Series 2021A- 3.0%	-	1,352,000	-	1,352,000	-
Hannibal Mortgage - 3.75%	-	22,000,000	-	22,000,000	588,053
Bond Payable - Series 2021 -1.5%	-	1,011,000	-	1,011,000	-
	$ 1,920,329	$ 24,363,000	$ 115,610	$ 26,167,719	$ 716,774

WesBanco Loan

The Authority has an outstanding loan with WesBanco for the purchase of land acquired in previous years. The note is payable in monthly installments at an annual percentage rate of 3.70%, with a final balloon payment due June 28, 2023. The note is supported by the full faith and credit of the Authority.

Amortization of the above debt, including interest, is scheduled as follows:

	Principal	Interest	Total
2022	$ 128,721	$ 64,606	$ 193,327
2023	1,675,998	30,498	1,706,496
Totals	$ 1,804,719	$ 95,104	$ 1,899,823

NOTE 6 – LONG-TERM OBLIGATIONS AND OTHER OBLIGATIONS (CONTINUED)

Economic Development Special Obligation Revenue Notes Series 2021 A

The Authority obtained a note payable in the amount of $1,352,000 from The Citizens National Bank of Woodfield to provide partial financing of the purchase of the Hannibal Industrial Park. Interest-only payments will be made monthly until May 2023, when payments will become annual and include principal and interest. The interest rate of the note is 3.0%. The note is supported by the full faith and credit of the Authority.

Amortization of the above debt, including interest, is scheduled as follows:

	Principal	Interest	Total
2022	$ -	$ 38,449	$ 38,449
2023	90,133	16,780	106,913
2024	90,133	37,856	127,989
2025	90,133	35,152	125,285
2026	90,133	32,448	122,581
2027-2031	450,667	121,680	572,347
2032-2036	450,667	54,080	504,747
2037	90,134	2,704	92,838
Totals	$ 1,352,000	$ 339,149	$ 1,691,149

Hannibal Mortgage

The Authority obtained a mortgage in the amount of $22,000,000 from Hannibal Real Estate LLC to provide partial financing of the purchase of the Hannibal Industrial Park. The mortgage is payable in monthly installments of $116,918 at an annual percentage rate of 3.75%, with a final balloon payment due December 31, 2031. The note is supported by the full faith and credit of the Authority.

Amortization of the above debt, including interest, is scheduled as follows:

	Principal	Interest	Total
2022	$ 588,053	$ 814,961	$ 1,403,014
2023	610,488	792,526	1,403,014
2024	633,779	769,235	1,403,014
2025	657,959	745,056	1,403,015
2026	683,061	719,954	1,403,015
2027-2031	18,826,660	3,188,412	22,015,072
Totals	$ 22,000,000	$ 7,030,144	$ 29,030,144

NOTE 6 – LONG-TERM OBLIGATIONS AND OTHER OBLIGATIONS (CONTINUED)

Bonds Payable – Series 2021

The Authority issued a bond in the amount of $1,011,000 to provide partial financing of the purchase of the Hannibal Industrial Park. The bond is expected to be repaid through funding from a grant not completed by year end. The bond has been issued at a rate of 1.50%. The bond is supported by the full faith and credit of the Authority.

Amortization of the above debt, including interest, is scheduled as follows:

	Principal	Interest	Total
2022	$ 1,011,000	$ 15,165	$ 1,026,165
Totals	$ 1,011,000	$ 15,165	$ 1,026,165

NOTE 7 – COMMERCIAL LEASES

A. Broadband

The Authority assumed a two-year lease with The Guernsey, Monroe and Noble Tri-County CAC (GMN) for the purpose of housing the Broadband Community Center located in the BWC. The lease may be canceled upon 90 days written notice. The lease contains a two-year renewal option.

The lease amount was $1,000 per month plus utilities for 2021.

B. AK Apparel LLC

The Authority assumed a lease with AK Apparel LLC. They occupy the warehouse and office space at the BWC.

The lease amount was $3,200 per month plus utilities for 2021.

C. Monroe County Public Transportation

The Authority entered into a lease agreement with Monroe County Public Transportation (MCPT) for the purpose of office space and parking of transportation vans in October 2020.

The lease is for three years at an amount of $1,000 per month plus utilities for 2021.

D. Borghese Lane

The Authority entered into a lease agreement with Borghese Lane in January 2019 at their Powhatan 7 Property for barge cell use. The lease is annual for $10,000 per month with the option to renew.

NOTE 8 – RESTATEMENT FOR CHANGE IN ACCOUNTING BASIS

Due to continued growth, management has elected to change its accounting basis from regulatory cash basis to the accrual basis of accounting as promulgated by GASB in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The effect on net position is as follows:

	2021
Net Position, Beginning	$ 1,571,181
Restatement for change in accounting basis	3,061,545
Net Position, Beginning restated	$ 4,632,726

NOTE 9 – COVID-19

Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Authority's financial position and/or the results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 10 – SUBSEQUENT EVENTS

The Authority evaluated subsequent events and transactions that occurred after the date of the statement of net position up to December 21, 2022, the date that the financial statements were issued. No events have occurred subsequent to the date of the financial statements through the report date that would require adjustment or disclosure in the financial statements.

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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*

Monroe County Port Authority
Monroe County
48301 State Route 800
Woodsfield, Ohio 43793

To the Board of Directors:

We have audited, in accordance with 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 Monroe County Port Authority, Monroe County, Ohio (the Authority) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 3, 2023, wherein we noted the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases* for the year ended December 31, 2022 and change in accounting principle for the year ended December 31, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Authority'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 Audit Findings as item 2022-003 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Audit Findings as items 2022-001, 2022-002 and 2022-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated November 3, 2023.

Authority's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The Authority's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles E Harris & Associates

Charles E. Harris & Associates, Inc.
November 3, 2023

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

Finding Number 2022-001 – Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code. Although there were references in the board minutes that indicated the Authority maintained a budget, there was no evidence that the Authority passed appropriations for fiscal years 2022 or 2021, therefore expenditures exceeded appropriations. Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed appropriations, resulting in deficit spending.

The Board of Directors should closely monitor expenditures and appropriations and make the necessary appropriation amendments to reduce the likelihood of expenditures exceeding appropriations.

Management's Response:

See Corrective Action Plan on page 57.

Finding Number 2022-002 – Noncompliance

Fiscal Officer's Certification of Expenditures

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a treasurer is attached thereto. The treasurer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now Certificates" – If the treasurer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Authority can authorize the drawing of a warrant for payment of the amount due. The Authority has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

   Amounts of less than $3,000 may be paid by the treasurer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Authority.

2. Blanket Certificates - Treasurer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

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

Finding Number 2022-002 – Noncompliance (Continued)

3. Super Blanket Certificates – The Authority may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the Treasurer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Authority did not make the proper certification of funds for any tested transactions during the audit period.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Authority's expenditures exceeding budgetary spending limitations, we recommend that the Authority certify expenditures prior to incurring the liability. Also, if necessary, we recommend the Authority only use "then and now" certificates for items under $3,000 to assist in compliance with this requirement.

Management's Response:

See Corrective Action Plan on page 57.

Finding Number 2022-003 – Material Weakness and Noncompliance

Ohio Rev. Code Section 149.351 (A), requires that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under sections 149.38 to 149.42 of the Revised Code.

Although the Authority has a records retention policy, the Authority could not locate various records including budgetary documents, invoices and other source documents. Failure to retain source documents could result in compliance violations and findings for recovery from officers of the Authority. Alternate procedures were used to satisfy testing requirements.

We recommend the Authority implement procedures to preserve records in accordance with the Ohio Revised Code and for verification of transactions.

Management's Response:

See Corrective Action Plan on page 57.

MONROE COUNTY PORT AUTHORITY
MONROE COUNTY
For the Years Ended December 31, 2022 and 2021

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2020-001	Debt was not Authorized by ORC § 133	Corrected	
2020-002	Noncompliance - ORC § 135.18(A) Bank Accounts were not properly collateralized	Corrected	
2020-003	Noncompliance ORC § 5705.41 (B) Expenditures exceeded appropriations	Not Corrected	
2020-004	Noncompliance- ORC §5705.41(D)(1) for budgetary laws not followed. Not certifying expenditures	Not Corrected	
2020-005	Material Weakness- Fund Cash Balance Misstated	No Longer Applicable	

MONROE COUNTY PORT AUTHORITY
MONROE COUNTY
For the Years Ended December 31, 2022 and 2021

CORRECTIVE ACTION PLAN – PREPARED BY MANAGEMENT

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	We will prepare annual appropriations as required by the Ohio Revised Code, have them approved by our Board, review them against recorded expenditures and amend as needed.	December 2023	Tracey Craig
2022-002	We will implement a purchase order system that complies with the Ohio Revised Code.	January 1, 2024	Tracey Craig
2022-003	We will review our procedures for records retention and revise accordingly.	Immediately	Tracey Craig

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OHIO AUDITOR OF STATE
KEITH FABER

MONROE COUNTY PORT AUTHORITY

MONROE 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 1/2/2024

88 East Broad 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