OHIO AUDITOR OF STATE
KEITH FABER

SOUTHERN OHIO PORT AUTHORITY
SCIOTO COUNTY

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SCIOTO COUNTY

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Southern Ohio Port Authority
Scioto County
602 Seventh Street, Room 310
Portsmouth, Ohio 45662

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of the Southern Ohio Port Authority, Scioto County, Ohio (the Port 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 Port Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the major fund, and the aggregate remaining fund information of the Southern Ohio Port Authority, Scioto County, Ohio, as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Port 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 opinions.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Port Authority. We did not modify our opinions regarding 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 Port Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024, on our consideration of the Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port Authority's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio
May 16, 2024

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The discussion and analysis of the Southern Ohio Port Authority's (the Port Authority) financial performance provides an overall review of the Port Authority's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Port Authority's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- Total assets increased $7,778,420, or 111%, between 2021 and 2022. Total liabilities increased $93,316, or 2%, between 2021 and 2022. Total net position increased $1,585,804, or 184%, between 2021 and 2022.
- Total operating revenues increased $1,559,965, or 640%, between 2021 and 2022. Total operating expenses increased $1,418, or 5%, between 2021 and 2022.

Using This Annual Financial Report

This financial report contains the basic financial statements of the Port Authority, as well as the management's discussion and analysis, notes to the basic financial statements, and other required supplementary information. The basic financial statements include a statement of net position, statement of revenues, expenses, and changes in net position, and a statement of cash flows. As the Port Authority reports most of its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity-wide and the fund presentation information is the same. The Port Authority also maintains one custodial fund which is used to account for grant activity related to the JEDISO program, as well as other activities transacted on behalf of other governments and organizations. This fund's activities are reported in separate statements of fiduciary net position and changes in fiduciary net position and are excluded from the other activities of the Port Authority because these assets cannot be used to finance the Port Authority's operations. The custodial fund uses the accrual basis of accounting.

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

The statement of net position and the statement of revenues, expenses, and changes in net position include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as applicable, using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Port Authority's net position and changes in net position. This change in net position is important because it tells the reader, for the Port Authority as a whole, whether the financial position has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the availability of revolving line of credit funds, the condition of assets held for resale, and other factors.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Recall that the statement of net position provides the perspective of the Port Authority as a whole. Table 1 provides a summary of the Port Authority's net position as of December 31, 2022 and 2021.

Table 1
Net Position

	2022	2021
Assets		
Current and Other Assets	$8,603,036	$4,536,631
Capital Assets, Net	6,181,564	2,469,549
Total Assets	14,784,600	7,006,180
Liabilities		
Current and Other Liabilities	363,249	44,933
Noncurrent Liabilities	5,875,000	6,100,000
Total Liabilities	6,238,249	6,144,933
Deferred Inflows of Resources	6,100,000	700
Net Position		
Net Investment in Capital Assets	1,807,195	739,588
Restricted	532,102	10,869
Unrestricted	107,054	110,090
Total Net Position	$2,446,351	$860,547

Current and other assets increased significantly due to a lease receivable recognized for the Spec Building in addition to an increase in restricted cash and cash equivalent balances due to unspent capital contributions from the Port Authority's Spec Building lessee. This increase was partially offset by a decrease in restricted cash and cash equivalents held by trustee. This balance is comprised of unspent proceeds from a bond issuance that is restricted for a construction project.. Capital assets, net increased significantly between years due to additional construction in progress for the construction of a Spec Building. The Port Authority had no disposals during the year. Current and other liabilities increased due to the recognition of unearned revenue for advanced rent received from its lessee of the Spec Building currently under construction. The Port Authority also reported a current portion of its bonds payable as payments on principal are required beginning in 2023. These increases were partially offset by decreases in accounts and contracts payable at year end. Noncurrent liabilities decreased due to the reclassification of the current portion of the Port Authority's bond payable. Deferred inflows of resources increased between years due to a deferred inflow recognized for the Spec Building lease.

Table 2 shows the changes in net position for the years ended December 31, 2022 and 2021.

Table 2
Changes in Net Position

	2022	2021
Operating Revenues		
Government Grants and Contributions	$0	$163,270
Non-Profit Grants and Contributions	50,000	50,000
Individual and Corporate Contributions	1,752,535	0
Service Fees	0	30,500
Rental Income	1,200	0
Total Operating Revenues	1,803,735	243,770
Operating Expenses		
Events	0	1,344
Employee Costs	(700)	(60,461)
Professional Fees	27,432	49,751
Property Management	0	858
Registration Fees and Dues	200	200
Service Fees-Bank	144	431
Supplies and Fees	83	0
Special Projects	0	34,000
Depreciation	510	128
Total Operating Expenses	27,669	26,251
Net Nonoperating Revenues (Expenses)	(190,262)	(367,147)
Change in Net Position	1,585,804	(149,628)
Net Position, Beginning of Year	860,547	1,010,175
Net Position, End of Year	$2,446,351	$860,547

Operating revenues increased between years due to individual and corporate contributions received during the year for the Spec Building project that were not received in the prior year. These included a $1,500,000 contribution from Scioto County as an alteration allowance and a $252,000 contribution from the tenant for the alteration allowance. The Port Authority also received rent revenue during the year. Operating expenses increased due to decrease in negative expenses associated with the amortization of deferred inflows of resources related to the net OPEB liability (asset). This decrease resulted in an increased effect on operating expenses. This increase was partially offset by a decrease for professional fees and special projects. Net nonoperating expenses decreased between years due to bond issuance costs recognized during the prior year. This decrease was also affected by an increase in investment earnings for the year.

Capital Assets and Long-Term Debt

Capital Assets

Table 3
Capital Assets at December 31
(Net of Depreciation)

	2022	2021
Land	$1,036,780	$1,036,780
Construction in Progress	5,135,222	1,422,697
Buildings and Improvements	9,562	10,072
Total	$6,181,564	$2,469,549

Changes in capital asset balances were due to additions for construction in progress and depreciation expense. Additional information concerning capital assets can be found in note 3 of the notes to the basic financial statements.

Long-Term Debt

During 2022, the Port Authority had bonds payable in the amount of $6,100,000, which were issued for the purpose of constructing a building. Long-term liabilities are further discussed in note 4 of the notes to the basic financial statements.

Known Facts, Decisions, and Conditions

The Port Authority Board has seven seats. Currently all seven are filled. All members are voluntary members. We have no paid or salaried employees to date. The Port Authority continues to do bonding, land deals, property acquisitions, and building and owning facilities with private companies for tax incentives to encourage them to locate in Scioto County. It continues to be a tool for the Economic Development Department to use to encourage growth when applicable. All of the above will also be a source of revenue to keep the Port Authority viable. In 2021, we closed on bonds in the amount of $6,100,000 and began construction on a spec building at our SOAR Business Park that the Port Authority will own and lease or sell. We closed on a lease with a tenant for the spec building in August 2022 and expect them to receive a certificate of occupancy in July 2023. We are still looking at doing some PACE financing in the near future. With the above in place, we feel the Port Authority is still in a great position to continue and remain viable for years to come.

Contacting the Port Authority's Financial Management

This financial report is designed to provide a general overview of the Port Authority's finances for all parties with an interest in the Port Authority's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Robert Horton, Board Chair, 602 Seventh Street, Room 310, Portsmouth, Ohio 45662.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Statement of Net Position
Proprietary Fund
As of December 31, 2022

Assets	
Current Assets	
Cash and Cash Equivalents	$211,628
Restricted Cash and Cash Equivalents	532,102
Restricted Cash and Cash Equivalents Held by Trustee	1,686,210
Accounts Receivable	420
Lease Receivable, Current	47,533
Total Current Assets	2,477,893
Noncurrent Assets	
Lease Receivable, Net of Current	6,052,467
Unamortized Bond Discount	72,676
Nondepreciable Capital Assets	6,172,002
Depreciable Capital Assets, Net	9,562
Total Noncurrent Assets	12,306,707
Total Assets	14,784,600
Liabilities	
Current Liabilities	
Accrued Interest Payable	18,249
Unearned Revenue	120,000
Bonds Payable, Current	225,000
Total Current Liabilities	363,249
Noncurrent Liabilities	
Bonds Payable, Net of Current Portion	5,875,000
Total Noncurrent Liabilities	5,875,000
Total Liabilities	6,238,249
Deferred Inflows of Resources	
Leases	6,100,000
Total Deferred Inflows of Resources	6,100,000
Net Position	
Net Investment in Capital Assets	1,807,195
Restricted for Capital Projects	531,393
Restricted for Grants	709
Unrestricted	107,054
Total Net Position	$2,446,351

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2022

Operating Revenue	
Non-Profit Grants and Contributions	$50,000
Individual and Corporate Contributions	1,752,535
Rental Income	1,200
Total Operating Revenue	1,803,735
Operating Expenses	
Employee Costs	
PERS Employer Contributions	(700)
Total Employee Costs	(700)
Professional Fees	27,432
Registration Fees and Dues	200
Service Fees-Bank	144
Supplies and Fees	83
Depreciation Expense	510
Total Operating Expenses	27,669
Operating Income	1,776,066
Nonoperating Revenues (Expenses)	
Investment Earnings	32,656
Interest Expense	(222,918)
Total Nonoperating Revenues (Expenses)	(190,262)
Change in Net Position	1,585,804
Net Position-Beginning of Year	860,547
Net Position-End of Year	$2,446,351

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2022

Cash Flows from Operating Activities	
Cash from Grants and Contributions	$1,802,535
Cash from Rent	121,200
Cash Payments for Goods and Services	(29,102)
Net Cash Provided by Operating Activities	1,894,633
Cash Flows from Investing Activities	
Cash from Investment Earnings	32,748
Cash Payments for Capital Assets	(3,738,301)
Net Cash Used by Investing Activities	(3,705,553)
Cash Flows from Financing Activities	
Cash Payments for Interest and Issuance Costs	(218,990)
Cash Flows Used by Financing Activities	(218,990)
Net Change in Cash and Cash Equivalents	(2,029,910)
Cash and Cash Equivalents-Beginning of Year	4,459,850
Cash and Cash Equivalents-End of Year	$2,429,940
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$1,776,066
Depreciation Expense	510
Changes in Liabilities and Deferred Inflows:	
Increase in Accounts Receivable	(335)
Decrease in Accounts Payable	(908)
Increase in Unearned Revenue	120,000
Decrease in Deferred Inflows of Resources	(700)
Net Cash Provided by Operating Activities	$1,894,633

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Statement of Fiduciary Net Position
Fiduciary Fund
As of December 31, 2022

	Custodial
Assets	
Cash and Cash Equivalents	$20
Total Assets	20
Net Position	
Restricted for Individuals, Organizations, and Other Governments	20
Total Net Position	$20

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2022

	Custodial
Additions	
Non-Profit Grants and Contributions	$108,000
Contributed Property on Behalf of other Individuals and Organizations	1,288,840
Total Additions	1,396,840
Deductions	
Distributions to Others	108,000
Distribution of Property on Behalf of Other Individuals and Organizations	1,288,840
Total Deductions	1,396,840
Change in Net Position	0
Net Position-Beginning of Year	20
Net Position-End of Year	$20

See accompanying notes to the basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

The Southern Ohio Port Authority, Scioto County, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio pursuant to the authority of Section 4582.02 of the Ohio Revised Code. The Port Authority is governed by a seven-member Board of Directors. Members of the Board are appointed by the Scioto County Commissioners. The purpose of the Port Authority is to be involved in the activities that enhance foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Scioto County. The Port Authority is statutorily created as a separate and distinct political subdivision of the State. Scioto County Commissioners have no authority regarding the day-to-day activities and business affairs of the Port Authority beyond the creation of the Port Authority and the appointment of its Board of Directors. Scioto County maintains its own accounting functions, is a separate reporting entity, and its financial activity is not included within the financial statements of the Port Authority. However, the Port Authority is considered to be a component unit of Scioto County by virtue of the fact that the Board is appointed by the County Commissioners. Also, the Port Authority is operated by its Director and its Treasurer and they are both employees of Scioto County. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Port Authority consists of its general operating fund. Component units are legally separate organizations for which the Port Authority is financially accountable. The Port Authority is financially accountable for an organization if the Port Authority appoints a voting majority of the organization's governing board and (1) the Port Authority is able to significantly influence the programs or services performed or provided by the organizations, or (2) the Port Authority is legally entitled to or can otherwise access the organization's resources; the Port Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits or to provide financial support to the organizations; or the Port Authority is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent of the Port Authority if the Port Authority approves the budget, the issuance of debt, or the levying of taxes. The Port Authority has no component units. The Port Authority's management believes these financial statements present all activities for which the Port Authority is financially accountable. The Port Authority was formed on September 22, 1983.

Basis of Accounting

The financial statements of the Port Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body of establishing governmental accounting and financial reporting principles. The Port Authority's financial statements consist of a statement of net position, a statement of revenue, expenses, and changes in net position, and a statement of cash flows. The Port Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

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

Fund Accounting

The Port Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary. The Port Authority does not have any governmental funds.

Proprietary Funds

Proprietary fund reporting focuses on changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The Port Authority maintains an enterprise fund, a proprietary fund type, which is the general operating fund and is used to account for all financial resources of the Port Authority. This fund is used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Port Authority has no internal service funds.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the Port Authority under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Port Authority's own programs. The Port Authority has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Port Authority's only fiduciary fund is a custodial fund, which is used to account for grant activities originating from an organization known as the Joint Economic Development Initiative of Southern Ohio (JEDISO) program, as well as other activities transacted on behalf of other governments and organizations.

Budgetary Process

Ohio Revised Code Section 4582.13 requires the Port Authority to annually prepare a budget. No further approvals or actions are required under Section 4582 of the Ohio Revised Code.

Cash, Cash Equivalents and Investments

The Ohio Revised Code prescribes allowable deposits and investments. For purposes of the statement of cash flows, the Port Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Port Authority invests in a nonnegotiable certificate of deposits with a local financial institute. This investment is reported at cost.

The Port Authority also has investments in money market funds which are held by a trustee in accordance with a trust agreement entered into in conjunction with the 2021 bond issuance. These investments are reported as "cash and cash equivalents held by trustee" in the accompanying financial statements.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent cash and cash equivalents that are restricted in their use by debt and grant stipulations.

Capital Assets

Capital assets utilized by the Port Authority are reported on the statement of net position. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are reported at their acquisition values as of the date received. The Port Authority maintains a capitalization threshold of five thousand dollars. Improvements are capitalized, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life or not. Interest incurred during the construction of capital assets is also capitalized. All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over 20 years for buildings and improvements.

Property Held for Resale

Property held for resale represent properties purchased by or donated to the Port Authority. These properties are held with the intention to sale. These properties are valued based upon the purchase price or tax valuation if no cost was incurred. The Port Authority had no property held for resale at December 31, 2022.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Port Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Port Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The Port Authority's restricted net position consisted of amounts restricted per grant agreements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Port Authority, these revenues are contributions received from public and private donors and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Port Authority. Revenues and expenses not meeting these definitions are reported as nonoperating.

Estimates

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the Port Authority, deferred inflows of resources included leases. The deferred inflow for leases is related to the lease receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. The Port Authority has no deferred inflows of resources related to OPEB in 2022; however, this is further discussed in note 5.

Other Post-Employment Benefits (OPEB)

For purposes of measuring OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from its fiduciary net position have been determined on the same basis as they are reported by the retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The OPEB system reports investments at fair value.

Bond Issuance Costs and Discounts

Bond issuance costs are reported as expenses in the period incurred. Bond discounts are deferred and amortized over the life of the bonds.

Note 2 – Deposits and Investments

Monies held by the Port Authority are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board of Trustees 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.

Protection of the Port Authority 's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

Interim deposits held by the Port Authority can 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 deposit 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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);

7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy 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.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Port Authority's deposits may not be returned to it. At December 31, 2022, the bank balance of the Port Authority's deposits was $995,375, of which $500,000 was covered by federal depository insurance and $495,373 was uninsured and uncollateralized.

The Port 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 Port 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.

Investments

At December 31, 2022, the Port Authority had the following investments and maturities:

Investment Type	Fair Value	Maturity	% of Portfolio
Money Market Funds	$1,686,210	Less Than 1 Year	100.00%

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Port Authority does not have an investment policy but limits investment portfolio maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Port Authority limits its investments to those authorized by state statute. The Port Authority's money market funds are rated AAAm by Standard and Poor's.

Custodial Credit Risk – For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the Port Authority will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The Port Authority does not have a policy to address this risk. All of the Port Authority's securities are either insured and registered in the name of the Port Authority or at least registered in the name of the Port Authority.

The Port Authority has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above chart identifies the Port Authority's recurring fair value measurements as of December 31, 2022. The Port Authority's investments are Level 1 inputs.

Note 3 – Capital Assets

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

	Balance at 12/31/21	Additions	Deletions	Balance at 12/31/22
Nondepreciable Capital Assets				
Land	$1,036,780	$0	$0	$1,036,780
Construction in Progress	1,422,697	3,712,525	0	5,135,222
Total Nondepreciable Capital Assets	2,459,477	3,712,525	0	6,172,002
Capital Assets Being Depreciated				
Buildings and Improvements	10,200	0	0	10,200
Accumulated Depreciation				
Buildings and Improvements	(128)	(510)	0	(638)
Capital Assets Being Depreciated, Net	10,072	(510)	0	9,562
Total Capital Assets, Net	$2,469,549	$3,712,015	$0	$6,181,564

Note 4 – Debt

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

	Balance at 12/31/21	Additions	Deletions	Balance at 12/31/22	Due Within One Year
2021 Special Obligations Bonds	$6,100,000	$0	$0	$6,100,000	$225,000

On June 10, 2021, the Port Authority issued $6,100,000 in taxable special obligation revenue bonds, series 2021, for the purpose of funding the construction of a 44,000 square-foot logistics building, certain roadway and public infrastructure improvements, and certain related costs including design, engineering, construction, equipping, improving, installation, and inspection. These bonds carry an interest rate of 3.59 percent through December 1, 2031 after which the rate will reset to a rate equal to the 10-year Treasury Rate plus 255 basis points with a floor of 3.59 percent and a ceiling of 4.50 percent through December 1, 2041, the maturity date of the bonds. These bonds will be secured by and payable solely from pledged revenues, including net lease revenues expected to be collected from future tenants who will lease and occupy the space, and in the event of insufficiency thereof, non-tax revenues pledged by Scioto County. The bond requires semi-annual interest payments beginning December 1, 2021 and has an annual mandatory sinking fund redemption payment requirement on December 1st of each year beginning on December 1, 2023.

The following is the schedule of future debt service requirements to maturity as of December 31, 2022 for the 2021 special obligations revenue bond:

Year	Principal	Interest
2023	$225,000	$218,990
2024	235,000	210,913
2025	240,000	202,476
2026	250,000	193,860
2027	260,000	184,885
2028-2032	1,460,000	777,056
2033-2037	1,760,000	494,164
2038-2041	1,670,000	152,574
Total	$6,100,000	$2,434,918

Note 5 – Defined Benefit OPEB Plan

The statewide retirement system provides other postemployment benefits (OPEB).

Net OPEB Liability (Asset)

The net OPEB liability (asset) represents a liability to/benefit for employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB is 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability (asset) represents the Port Authority's proportionate share of the OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the OPEB plan's fiduciary net position. The net OPEB liability (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.

Ohio Revised Code limits the Port Authority's obligation for this liability to annually required payments. The Port Authority cannot control benefit terms or the manner in which OPEB is financed; however, the Port 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 (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement system to amortize unfunded OPEB liabilities within 30 years. If the OPEB amortization period exceeds 30 years, the retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement system to provide health care to eligible benefit recipients.

The proportionate share of the plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable in the financial statements.

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains 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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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 with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets. the definition of an Other Post Employment Benefit (OPEB) as described in

GASB Statement 75. See OPERS' Annual Comprehensive Financial Report 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 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 allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

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 percent of earnable salary. This is the maximum employer contribution rate 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. For 2022, OPERS did not allocate any employer contribution to health care for members of the traditional pension plan or combined plan. 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 percent.

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

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were 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 payment, and interest accruals during the year. The Port Authority's proportion of the net OPEB liability (asset) was based on the Port 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 (gain):

Proportionate Share of the Net OPEB Liability (Asset):	
Current Measurement Date	0.000000%
Prior Measurement Date	0.000000%
Change in Proportionate Share	0.0000000%
Proportionate Share of the:	
OPEB Expense (Gain)	($700)

The Port Authority had no employees during the year ended December 31, 2021, which is the period upon which the current year proportionate share was measured. As such, the Port Authority reported no net OPEB liability (asset) or deferred outflows or inflows related to differences between expected and actual experience, changes in assumptions, or net difference between projected and actual earnings on OPEB plan investments for the year ended December 31, 2022.

At December 31, 2022, the Port Authority's previously reported deferred inflows of resources related to OPEB was fully amortized.

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 health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2034	8.50 percent, initial 3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	3.25 percent

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all 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 (males and females) to all these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all the above-described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3 percent for 2021.

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 the benefits provided through the defined 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 real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

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 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. 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) 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 an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). 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 Port Authority's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate – The Port Authority's proportionate share of the net OPEB liability (asset) is calculated using the single discount rate of 6.00 percent, as well as what the Port Authority's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2021.

Sensitivity of the Port Authority's Proportionate Share of the Net OPEB Liability (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 (asset). The net OPEB liability (asset) is calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2021.

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 percent. 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 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 percent in the most recent valuation.

Note 6 – Concentration of Credit Risk

The Port Authority's primary assets consist of land, buildings, rail facilities, and a river dock located in Portsmouth, Ohio. The Port Authority's primary sources of income were grants, contributions, and rent. The purpose of the Port Authority's sale of industrial property is to promote the creation of industrial related jobs in Scioto County and property sales are typically made at below cost. The Port Authority has been totally dependent on outside contributions for its continued existence.

Note 7 - Contingencies

Environmental

The Port Authority has no known outstanding environmental issues as of the date of this report. The Port Authority has an agreement with Ohio EPA in which the Port Authority performs environmental inspections and corrects resulting problems on Brownfield property at the time the title is transferred to a prospective buyer in return for the Ohio EPA's covenant not to sue and becoming a part of the deed transferred to the buyer.

Grants

The Port Authority received financial assistance from governmental agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Port Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Port Authority at December 31, 2022.

Litigation

The Port Authority is not currently party to legal proceedings.

Note 8 – Risk Management

The Port Authority is included in Scioto County's County Risk Sharing Authority Joint Self Insurance Pool formed under Ohio Revised Code Section 2744. It provided for the following: comprehensive property and general liability coverage; vehicles; and errors and omissions. During 2022, the Port Authority had no settlements that exceeded insurance coverage in any of the past three years. There were also no significant changes in coverage from the prior year.

Note 9 – Conduit Debt Obligations

In order to provide financial assistance to private sector entities for the acquisition and construction of commercial and industrial facilities deemed to be in the public interest, the Port Authority, has from time to time, issued conduit debt. This debt is secured by the property financed and is payable solely from payments received on the underlying mortgage loans.

Ownership of the acquired facilities transfers to the private sector entity served by the bond issuance upon repayment of the bonds. The Port Authority, the State, nor any other political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the conduit debt is not reported as liabilities in the accompanying financial statements.

As of December 31, 2022, there was one conduit debt outstanding, that was originally filed for $10,000,000. The Educational Facilities Development Revenue Bond is still outstanding but is currently being paid by the Clark Foundation. To assist the private sector in acquiring and constructing facilities deemed to be in the public interest, the Port Authority issued $10 million in industrial revenue bonds on May 8, 2008. Mortgages on the facilities secure the bonds. The bonds are payable solely from payments received on the underlying mortgage loans. Neither the Port Authority, the State, nor any other political subdivision is obligated in any manner for paying the bonds. As of December 31, 2022, the outstanding balance of this debt was $6,288,026.

There was a second conduit debt outstanding that was issued in 2013 on behalf of Scioto County. The original issuance was for Economic Development Facilities Refunding Revenue Bonds in the amount of $1,815,000. As of December 31, 2022, the outstanding balance of this debt reported by Scioto County was $530,000.

There was a third conduit debt outstanding that was issued in 2020 on behalf of PureCycle Technologies. The original issuance was for Exempt Facility Revenue Bonds in the amount of $249,550,000. As of December 31, 2022, the outstanding balance of this debt was $249,550,000.

Note 10 – Lease Receivable

The Port Authority is reporting a lease receivable of $6,100,000 at December 31, 2022. This amount represents discounted future lease payments. This discount is being amortized using the interest method. For 2022, the Port Authority did not report any lease or interest revenue. A description of the Port Authority's leasing arrangement is as follows:

The Port Authority entered into a lease agreement with Evans Food Group, Ltd. (Tenant) for a ten-year term beginning when the Tenant receives a certificate of occupancy, expected in July 2023. This lease is subject to four 5-year renewal periods and also contains an option to purchase clause. The Tenant will remit monthly lease installments ranging from $26,600 to $30,836 to the Port Authority for the term of the lease, including renewal periods. A summary of future payments to be received is as follows:

Fiscal Year Ending June 30,	Principal	Interest
2023	$47,533	$112,067
2024	96,813	222,387
2025	100,370	218,830
2026	104,058	215,142
2027	107,882	211,318
2028-2032	647,859	991,233
2033-2037	828,868	859,400
2038-2042	1,047,218	691,666
2043-2047	1,310,404	480,644
2048-2052	1,627,317	217,464
2053	181,678	3,337
Total	$6,100,000	$4,223,488

Note 11 – New Accounting Pronouncements

For 2022, the Port Authority implemented GASB Statement No. 87, “Leases”. GASB Statement 87 requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the Port Authority’s 2022 financial statements; however, there was no effect on beginning net position.

For 2022, the Port Authority also implemented GASB Statement No. 91, “Conduit Debt Obligations”. GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. These changes were incorporated into the Port Authority’s 2022 financial statements; however, there was no effect on beginning net position.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ending in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Port Authority. The impact on the Port Authority’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Port Authority’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. The Port Authority did not receive any COVID-related funding in 2022.

Note 13 – Related Party Transaction

During the year, Scioto County provided the Port Authority $1,500,000 as a result of the Scioto County Board of Commissioners approval on August 18, 2022 making a loan or grant and to provide other forms of financial assistance in the total sum of $1.5 million to the Port Authority for the airport building as part of the SOAR project and the Greater Portsmouth Regional Airport.

Note 14 – Significant Contractual Commitments

The outstanding construction commitments relating to the spec building at December 31, 2022, are:

Contractor	Contractual Amount	Amount Expended	Balance at 12/31/22
BB&E, Inc.	653,251	$174,079	$479,172
Continental Fire System	375,015	215,472	159,543
CTL Engineering, Inc.	45,000	19,098	25,902
Howerton Engineering	226,542	191,666	34,876
JR General Construction	1,225,007	545,150	679,857
O'Steel Buildings	741,599	493,013	248,586
Overhead Door of Pike County	110,884	79,319	31,565
Patton and Queen Construction Co.	1,360,704	953,026	407,678
Quality Heating and Air	102,051	58,330	43,721
Sonex Electric, LLC	649,903	96,718	553,185
Sparks Construction, LLC	298,744	0	298,744
Total	$5,788,700	$2,825,871	$2,962,829

Note 15 – Subsequent Event

On February 2, 2024, the Port Authority received a $2.5 million Rural Industrial Park Loan (RIPL) from Ohio Development Services Agency which had been previously applied for in conjunction with construction of a spec building at the SOAR Business Park.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Required Supplementary Information
Schedule of the Port Authority's Proportionate Share of the Net OPEB Liability
Last Six Years (1)

	2017	2018	2019	2020	2021	2022
Ohio Public Employees Retirement System						
Port Authority's proportion of the net OPEB liability	0.00077784%	0.00064000%	0.00000000%	0.00000000%	0.00000000%	0.00000000%
Port Authority's proportionate share of the net OPEB liability	$78,564	$69,499	$0	$0	$0	$0
Port Authority's covered-employee payroll	$110,325	$90,769	$0	$0	$0	$0
Port Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	71.21%	76.57%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	54.05%	54.14%	46.33%	47.80%	115.57%	128.23%

The amounts presented for each year were determined as of December 31 of the previous year, which is the Port Authority's measurement date.
(1) Information not available prior to 2017.
See the accompanying notes to the required supplementary information.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Required Supplementary Information
Schedule of the Port Authority's Contributions
Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Ohio Public Employees Retirement System										
Contractually required contribution (pension)	$0	$9,800	$13,163	$13,239	$11,800	$0	$0	$0	$0	$0
Contractually required contribution (OPEB)	0	1,633	2,194	2,207	908	0	0	0	0	0
Contractually required contribution (total)	0	11,433	15,357	15,446	12,708	0	0	0	0	0
Contributions in relation to the contractually required contribution	0	11,433	15,357	15,446	12,708	0	0	0	0	0
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Port Authority's covered-employee payroll	$0	$81,667	$109,692	$110,325	$90,769	$0	$0	$0	$0	$0
Contributions as a percentage of covered-employee payroll (pension)	0.00%	12.00%	12.00%	12.00%	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll (OPEB)	0.00%	2.00%	2.00%	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll (total)	0.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See the accompanying notes to the required supplementary information.

Note 1 – Ohio Public Employees Retirement System

OPEB

Changes in benefit terms

There were no significant changes in benefit terms for 2018 through 2022.

Changes in assumptions

Changes in assumptions for 2018 were as follows:

- The single discount rate decreased from 4.23 percent to 3.85 percent.
- The employer contribution rate allocated to health care decreased from 1.00 percent to 0.00 percent.

For 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85 percent to 3.96 percent.
- The investment rate of return decreased from 6.5 percent to 6 percent.
- The municipal bond rate increased from 3.31 percent to 3.71 percent.
- The initial health care cost trend rate increased from 7.5 percent to 10 percent.

For 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96 percent to 3.16 percent.
- The municipal bond rate decreased from 3.71 percent to 2.75 percent.

For 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16 percent to 6.00 percent.
- The municipal bond rate decreased from 2.75 percent to 2.00 percent.
- The initial health care cost trend rate decreased from 10.50 percent to 8.50 percent.

For 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The wage inflation rate decreased from 3.25 percent to 2.75 percent.
- The municipal bond rate decreased from 2.00 percent to 1.84 percent.
- The initial health care cost trend rate decreased from 8.50 percent to 5.50 percent.

The discussion and analysis of the Southern Ohio Port Authority's (the Port Authority) financial performance provides an overall review of the Port Authority's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Port Authority's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- Total assets increased $5,934,844, or 554%, between 2020 and 2021. Total liabilities increased $6,144,933, or 100%, between 2020 and 2021. Total net position decreased $149,628, or 15%, between 2020 and 2021.
- Total operating revenues decreased $22,497, or 8%, between 2020 and 2021. Total operating expenses increased $12,490, or 91%, between 2020 and 2021.

Using This Annual Financial Report

This financial report contains the basic financial statements of the Port Authority, as well as the management's discussion and analysis, notes to the basic financial statements, and other required supplementary information. The basic financial statements include a statement of net position, statement of revenues, expenses, and changes in net position, and a statement of cash flows. As the Port Authority reports most of its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information is the same. The Port Authority also maintains one custodial fund which is used to account for grant activity related to the JEDISO program. This fund's activities are reported in separate statements of fiduciary net position and changes in fiduciary net position and are excluded from the other activities of the Port Authority because these assets cannot be used to finance the Port Authority's operations. The custodial fund uses the accrual basis of accounting.

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

The statement of net position and the statement of revenues, expenses, and changes in net position include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as applicable, using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Port Authority's net position and changes in net position. This change in net position is important because it tells the reader, for the Port Authority as a whole, whether the financial position has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the availability of revolving line of credit funds, the condition of assets held for resale, and other factors.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Recall that the statement of net position provides the perspective of the Port Authority as a whole. Table 1 provides a summary of the Port Authority's net position as of December 31, 2021 and 2020.

Table 1
Net Position

	2021	2020
Assets		
Current and Other Assets	$4,536,631	$142,826
Capital Assets, Net	2,469,549	928,510
Total Assets	7,006,180	1,071,336
Liabilities		
Current and Other Liabilities	44,933	0
Long-Term Liabilities	6,100,000	0
Total Liabilities	6,144,933	0
Deferred Inflows of Resources	700	61,161
Net Position		
Net Investment in Capital Assets	739,588	928,510
Restricted	10,869	20,000
Unrestricted	110,090	61,665
Total Net Position	$860,547	$1,010,175

Current and other assets increased significantly due to an increase in restricted cash and cash equivalent balances. These balances are comprised of unspent proceeds from a bond issuance that is restricted for a construction project. The Port Authority disposed of all remaining properties held for resale during the year, which slightly offset the aforementioned increase in current and other assets. Capital assets increased significantly between years due to the acquisition of land and modular storage buildings, in addition to recognizing construction in progress for the construction of a spec building. The Port Authority had no disposals during the year. Current and other liabilities increased due to the recognition of accounts and contracts payable at year end, as compared to delays in the prior year's operations resulting in no significant obligations outstanding at the end of the prior year. Long-term liabilities increased due to the Port Authority issuance of bonds during the year to fund the spec building construction project undertaken during the year. Deferred inflows of resources decreased as the Port Authority had no employees during the year of measurement of the retirement system and existing balances were further amortized. The final year of amortization for remaining deferred inflows will occur next year as discussed in the notes to the financial statements.

Table 2 shows the changes in net position for the years ended December 31, 2021 and 2020.

Table 2
Changes in Net Position

	2021	2020
Operating Revenues		
Government Grants and Contributions	$163,270	$135,760
Non-Profit Grants and Contributions	50,000	0
Individual and Corporate Contributions	0	128,107
Service Fees	30,500	0
Rental Income	0	2,400
Total Operating Revenues	243,770	266,267
Operating Expenses		
Events	1,344	0
Employee Costs	(60,461)	(77,570)
Professional Fees	49,751	85,602
Property Management	858	5,318
Registration Fees and Dues	200	300
Service Fees-Bank	431	111
Special Projects	34,000	0
Depreciation	128	0
Total Operating Expenses	26,251	13,761
Net Nonoperating Revenues (Expenses)	(367,147)	(91,865)
Change in Net Position	(149,628)	160,641
Net Position, Beginning of Year	1,010,175	849,534
Net Position, End of Year	$860,547	$1,010,175

Operating revenues decreased between years due to individual and corporate contributions received during the prior year for the PureCycle program that were not received in the current year. The Port Authority did receive a grant from JEDISO for its construction project. The Port Authority also received service fees related to the closure of its bond issuance. These additional revenues partially offset the decrease due to the loss of individual and corporate contributions revenues. Operating expenses increased due to a decrease in negative expenses associated with the amortization of deferred inflows of resources related to net OPEB liability. Nonoperating expenses increased between years due to interest expense on the bond issuance as well as bond issuance costs recognized during the year.

Capital Assets and Long-Term Debt

Capital Assets

Table 3
Capital Assets at December 31
(Net of Depreciation)

	2021	2020
Land	$1,036,780	$928,510
Construction in Progress	1,422,697	0
Buildings and Improvements	10,072	0
Total	$2,469,549	$928,510

Changes in capital asset balances were due to additions for land, construction in progress, and modular storage buildings. During the year, Scioto County also provided the Port Authority with $248,586 in cash to provide funding for expenses on its building construction project while the Port Authority finalized its bond issuance. Additionally, the County paid $64,420 in expenses on behalf of the Port Authority during this time. Upon receipt of bond proceeds, the Port Authority repaid the County in full for the cash loan and for expenses paid on its behalf prior to closing the bond issuance. Additional information concerning capital assets can be found in note 3 of the notes to the basic financial statements.

Long-Term Debt

During 2021, the Port Authority issued bonds in the amount of $6,100,000 for the purpose of constructing a building. Long-term liabilities are further discussed in note 4 of the notes to the basic financial statements.

Known Facts, Decisions, and Conditions

The Port Authority Board has seven seats. Currently all seven are filled. All members are voluntary members. We have no paid or salaried employees to date. The Port Authority continues to do bonding, land deals, property acquisitions, and building and owning facilities with private companies for tax incentives to encourage them to locate in Scioto County. It continues to be a tool for the Economic Development Department to use to encourage growth when applicable. All of the above will also be a source of revenue to keep the Port Authority viable. In 2021, we closed on bonds in the amount of $6,100,000 and began construction on a spec building at our SOAR Business Park that the Port Authority will own and lease or sell. We closed on a lease with a tenant for the spec building in August 2022 and expect them to receive a certificate of occupancy in July 2023. We are still looking at doing some PACE financing in the near future. With the above in place, we feel the Port Authority is still in a great position to continue and remain viable for years to come.

Contacting the Port Authority's Financial Management

This financial report is designed to provide a general overview of the Port Authority's finances for all parties with an interest in the Port Authority's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Robert Horton, Board Chair, 602 Seventh Street, Room 310, Portsmouth, Ohio 45662.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Statement of Net Position
Proprietary Fund
As of December 31, 2021

Assets	
Current Assets	
Cash and Cash Equivalents	$119,950
Restricted Cash and Cash Equivalents	10,100
Restricted Cash and Cash Equivalents Held by Trustee	4,329,800
Accounts Receivable	85
Dividends Receivable	92
Total Current Assets	4,460,027
Noncurrent Assets	
Unamortized Bond Discount	76,604
Nondepreciable Capital Assets	2,459,477
Depreciable Capital Assets, Net	10,072
Total Noncurrent Assets	2,546,153
Total Assets	7,006,180
Liabilities	
Current Liabilities	
Accounts Payable	908
Contracts Payable	25,776
Accrued Interest Payable	18,249
Total Current Liabilities	44,933
Long-Term Liabilities	
Due in More Than One Year	6,100,000
Total Long-Term Liabilities	6,100,000
Total Liabilities	6,144,933
Deferred Inflows of Resources	
OPEB	700
Total Deferred Inflows of Resources	700
Net Position	
Net Investment in Capital Assets	739,588
Restricted for Capital Projects	10,100
Restricted for Grants	769
Unrestricted	110,090
Total Net Position	$860,547

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2021

Operating Revenue	
Government Grants and Contributions	$163,270
Non-Profit Grants and Contributions	50,000
Service Fees	30,500
Total Operating Revenue	243,770
Operating Expenses	
Employee Costs	
PERS Employer Contributions	(60,461)
Total Employee Costs	(60,461)
Events	1,344
Professional Fees	49,751
Property Management	858
Registration Fees and Dues	200
Service Fees-Bank	431
Special Projects	34,000
Depreciation Expense	128
Total Operating Expenses	26,251
Operating Income	217,519
Nonoperating Revenues (Expenses)	
Interest Income	620
Loss on Disposal of Property	(23,284)
Interest Expense	(124,233)
Bond Issuance Costs	(220,250)
Total Nonoperating Revenues (Expenses)	(367,147)
Change in Net Position	(149,628)
Net Position-Beginning of Year	1,010,175
Net Position-End of Year	$860,547

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2021

Cash Flows from Operating Activities	
Cash from Grants and Contributions	$105,000
Cash from Service Fees	30,500
Cash Payments for Grants	(34,000)
Cash Payments for Goods and Services	(51,761)
Net Cash Provided by Operating Activities	49,739
Cash Flows from Investing Activities	
Cash from Investment Earnings	528
Cash from Property Sales	6
Cash Payments for Capital Assets	(1,407,121)
Net Cash Used by Investing Activities	(1,406,587)
Cash Flows from Financing Activities	
Cash Received from Bond Issuance	6,023,396
Cash Received from County Loan	313,006
Cash Payments for County Loan	(313,006)
Cash Payments for Interest and Issuance Costs	(326,234)
Cash Flows Provided by Financing Activities	5,697,162
Net Change in Cash and Cash Equivalents	4,340,314
Cash and Cash Equivalents-Beginning of Year	119,536
Cash and Cash Equivalents-End of Year	$4,459,850

Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$217,519
Depreciation Expense	128
Contribution Recognized for Donated Property	(108,270)
Changes in Liabilities and Deferred Inflows:	
Increase in Accounts Receivable	(85)
Increase in Accounts Payable	908
Decrease in Deferred Inflows of Resources	(60,461)
Net Cash Provided by Operating Activities	$49,739

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Statement of Fiduciary Net Position
Fiduciary Fund
As of December 31, 2021

	Custodial
Assets	
Cash and Cash Equivalents	$20
Total Assets	20
Net Position	
Restricted for Individuals, Organizations, and Other Governments	20
Total Net Position	$20

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2021

	Custodial
Additions	
Non-Profit Grants and Contributions	$167,846
Total Additions	167,846
Deductions	
Distributions to Others	167,826
Total Deductions	167,826
Change in Net Position	20
Net Position-Beginning of Year	0
Net Position-End of Year	$20

See accompanying notes to the basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

The Southern Ohio Port Authority, Scioto County, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio pursuant to the authority of Section 4582.02 of the Ohio Revised Code. The Port Authority is governed by a seven-member Board of Directors. Members of the Board are appointed by the Scioto County Commissioners. The purpose of the Port Authority is to be involved in the activities that enhance foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Scioto County. The Port Authority is statutorily created as a separate and distinct political subdivision of the State. Scioto County Commissioners have no authority regarding the day-to-day activities and business affairs of the Port Authority beyond the creation of the Port Authority and the appointment of its Board of Directors. Scioto County maintains its own accounting functions, is a separate reporting entity, and its financial activity is not included within the financial statements of the Port Authority. However, the Port Authority is considered to be a component unit of Scioto County by virtue of the fact that the Board is appointed by the County Commissioners. Also, the Port Authority is operated by its Director and its Treasurer and they are both employees of Scioto County. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Port Authority consists of its general operating fund. Component units are legally separate organizations for which the Port Authority is financially accountable. The Port Authority is financially accountable for an organization if the Port Authority appoints a voting majority of the organization's governing board and (1) the Port Authority is able to significantly influence the programs or services performed or provided by the organizations, or (2) the Port Authority is legally entitled to or can otherwise access the organization's resources; the Port Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits or to provide financial support to the organizations; or the Port Authority is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent of the Port Authority if the Port Authority approves the budget, the issuance of debt, or the levying of taxes. The Port Authority has no component units. The Port Authority's management believes these financial statements present all activities for which the Port Authority is financially accountable. The Port Authority was formed on September 22, 1983.

Basis of Accounting

The financial statements of the Port Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body of establishing governmental accounting and financial reporting principles. The Port Authority's financial statements consist of a statement of net position, a statement of revenue, expenses, and changes in net position, and a statement of cash flows. The Port Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

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

Fund Accounting

The Port Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary. The Port Authority does not have any governmental funds.

Proprietary Funds

Proprietary fund reporting focuses on changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The Port Authority maintains an enterprise fund, a proprietary fund type, which is the general operating fund and is used to account for all financial resources of the Port Authority. This fund is used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Port Authority has no internal service funds.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the Port Authority under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Port Authority's own programs. The Port Authority has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Port Authority's only fiduciary fund is a custodial fund, which is used to account for grant activities originating from an organization known as the Joint Economic Development Initiative of Southern Ohio (JEDISO) program.

Budgetary Process

Ohio Revised Code Section 4582.13 requires the Port Authority to annually prepare a budget. No further approvals or actions are required under Section 4582 of the Ohio Revised Code.

Cash, Cash Equivalents and Investments

The Ohio Revised Code prescribes allowable deposits and investments. For purposes of the statement of cash flows, the Port Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Port Authority invests in a nonnegotiable certificate of deposits with a local financial institute. This investment is reported at cost.

The Port Authority also has investments in money market funds which are held by a trustee in accordance with a trust agreement entered into in conjunction with the 2021 bond issuance. These investments are reported as "cash and cash equivalents held by trustee" in the accompanying financial statements.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent cash and cash equivalents that are restricted in their use by debt and grant stipulations.

Capital Assets

Capital assets utilized by the Port Authority are reported on the statement of net position. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are reported at their acquisition values as of the date received. The Port Authority maintains a capitalization threshold of five thousand dollars. Improvements are capitalized, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life or not. Interest incurred during the construction of capital assets is also capitalized. All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over 20 years for buildings and improvements.

Property Held for Resale

Property held for resale represent properties purchased by or donated to the Port Authority. These properties are held with the intention to sale. These properties are valued based upon the purchase price or tax valuation if no cost was incurred. The Port Authority had no property held for resale at December 31, 2021.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Port Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Port Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The Port Authority's restricted net position consisted of amounts restricted per grant agreements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Port Authority, these revenues are contributions received from public and private donors and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Port Authority. Revenues and expenses not meeting these definitions are reported as nonoperating.

Estimates

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

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Port Authority has no deferred outflows of resources related to pensions and OPEB in 2021; however, this is further discussed in notes 5 and 6.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Port Authority has deferred inflows of resources related to pensions and OPEB, which will be further discussed in notes 5 and 6.

Pensions/Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension/OPEB expense, information about the fiduciary net position of the pension plan and additions to/deductions from its fiduciary net position have been determined on the same basis as they are reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.

Bond Issuance Costs and Discounts

Bond issuance costs are reported as expenses in the period incurred. Bond discounts are deferred and amortized over the life of the bonds.

Note 2 – Deposits and Investments

Active deposits are public deposits necessary to meet current demands on the Treasury. Such monies must be maintained either as cash in the Port Authority Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits represent interim monies that 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 account including passbook accounts. Interim monies can 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 deposit 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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers’ acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy 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.

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

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Port Authority, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Port Authority’s deposits may not be returned to it. The Port Authority’s policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. At December 31, 2021, the bank balance of the Port Authority’s deposits was $194,396, which was covered by federal depository insurance.

Investments

At December 31, 2021, the Port Authority had the following investments and maturities:

Investment Type	Fair Value	Maturity	% of Portfolio
Money Market Funds	$4,329,800	Less Than 1 Year	100.00%

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Port Authority does not have an investment policy but limits investment portfolio maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Port Authority limits its investments to those authorized by state statute. The Port Authority’s money market funds are rated AAAm by Standard and Poor’s.

Custodial Credit Risk – For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the Port Authority will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The Port Authority does not have a policy to address this risk. All of the Port Authority’s securities are either insured and registered in the name of the Port Authority or at least registered in the name of the Port Authority.

The Port Authority has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above chart identifies the Port Authority's recurring fair value measurements as of December 31, 2021. The Port Authority's investments are Level 1 inputs.

Note 3 – Capital Assets

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

	Balance at 12/31/20	Additions	Deletions	Balance at 12/31/21
Nondepreciable Capital Assets				
Land	$928,510	$108,270	$0	$1,036,780
Construction in Progress	0	1,422,697	0	1,422,697
Total Nondepreciable Capital Assets	928,510	1,530,967	0	2,459,477
Capital Assets Being Depreciated				
Buildings and Improvements	0	10,200	0	10,200
Accumulated Depreciation				
Buildings and Improvements	0	(128)	0	(128)
Capital Assets Being Depreciated, Net	0	10,072	0	10,072
Total Capital Assets, Net	$928,510	$1,541,039	$0	$2,469,549

Note 4 – Debt

Debt activity for the year ended December 31, 2021 was as follows:

	Balance at 12/31/20	Additions	Deletions	Balance at 12/31/21	Due Within One Year
Scioto County Loan	$0	$313,006	($313,006)	$0	$0
2021 Special Obligations Bonds	0	6,100,000	0	6,100,000	0
Total	$0	$6,413,006	($313,006)	$6,100,000	$0

During the year, Scioto County provided the Port Authority with $248,586 in cash to provide funding for expenses on its spec building construction project while the Port Authority finalized its bond issuance. Additionally, the County paid $64,420 in expenses on behalf of the Port Authority during this time. Upon receipt of bond proceeds, the Port Authority repaid the County in full for the cash loan and for expenses paid on its behalf prior to closing the bond issuance.

On June 10, 2021, the Port Authority issued $6,100,000 in taxable special obligation revenue bonds, series 2021, for the purpose of funding the construction of a 44,000 square-foot logistics building, certain roadway and public infrastructure improvements, and certain related costs including design, engineering, construction, equipping, improving, installation, and inspection. These bonds carry an interest rate of 3.59 percent through December 1, 2031 after which the rate will reset to a rate equal to the 10-year Treasury Rate plus 255 basis points with a floor of 3.59 percent and a ceiling of 4.50 percent through December 1, 2041, the maturity date of the bonds. These bonds will be secured by and payable solely from pledged revenues, including net lease revenues expected to be collected from future tenants who will lease and occupy the space, and in the event of insufficiency thereof, non-tax revenues pledged by Scioto County. The bond requires semi-annual interest payments beginning December 1, 2021 and has an annual mandatory sinking fund redemption payment requirement on December 1st of each year beginning on December 1, 2023.

The following is the schedule of future debt service requirements to maturity as of December 31, 2021 for the 2021 special obligations revenue bond:

Year	Principal	Interest
2022	$0	$218,990
2023	225,000	218,990
2024	235,000	210,913
2025	240,000	202,476
2026	250,000	193,860
2027-2031	1,405,000	827,495
2032-2036	1,695,000	555,014
2037-2041	2,050,000	226,170
Total	$6,100,000	$2,653,908

Note 5 – Defined Benefit Pension Plan

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and net OPEB liability (asset) reported on the statement of net position represents a liability to/benefit for employees for pensions and OPEB. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the Port Authority's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (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.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See note 6 for the required OPEB disclosures.

Ohio Public Employees Retirement System (OPERS)

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

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

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

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	**Group C** 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 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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	**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	**Formula:** 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the consumer price index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the combined plan will be consolidated under the traditional pension plan (defined benefit plan) and the combined plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-Employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's contractually required contribution was $0 for 2021 as there were no employees in 2021.

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Authority's proportion of the net pension liability was based on the Port Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the Port Authority's defined benefits pension plan and pension expense:

Proportionate Share of the Net Pension Liability:	
Current Measurement Date	0.00000000%
Prior Measurement Date	0.00000000%
Change in Proportionate Share	0.00000000%
Proportionate Share of the:	
Pension Expense	($37,091)

The Port Authority had no employees during the year ended December 31, 2020, which is the period upon which the current year proportionate share was measured. As such, the Port Authority reported no net pension liability or deferred outflows or inflows related to differences between expected and actual experience, changes in assumptions, or net difference between projected and actual earnings on pension plan investments for the year ended December 31, 2021.

At December 31, 2021, the Port Authority's previously reported deferred inflows of resources related to pensions was fully amortized.

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 was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

Wage Inflation	3.25 percent
Future Salary Increases	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	
Pre-1/7/2013 retirees:	3 percent, simple
Post-1/7/2013 retirees:	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to 0.5 percent simple through 2021 the 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality tale for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected 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. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate – The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. 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.

Sensitivity of the Port Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The Port Authority's proportionate share of the net pension liability is calculated using the current period discount rate assumption of 7.2 percent, as well as what the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2020.

Changes between Measurement Date and Report Date – During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

<u>Note 6 – Defined Benefit OPEB Plan</u>

See note 5 for a description of the net OPEB liability (asset).

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains 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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The heath care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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 with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' comprehensive annual financial report 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 Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS annual comprehensive 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 allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate 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. For 2021, OPERS did not allocate any employer contribution to health care for members of the traditional pension plan or combined plan. 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 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's contractually required contribution was $0 for 2021.

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Port Authority's proportion of the net OPEB liability was based on the Port 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:

Proportionate Share of the Net OPEB Liability:	
Current Measurement Date	0.000000%
Prior Measurement Date	0.000000%
Change in Proportionate Share	0.0000000%
Proportionate Share of the:	
OPEB Expense	($23,370)

The Port Authority had no employees during the year ended December 31, 2020, which is the period upon which the current year proportionate share was measured. As such, the Port Authority reported no net OPEB liability or deferred outflows or inflows related to differences between expected and actual experience, changes in assumptions, or net difference between projected and actual earnings on OPEB plan investments for the year ended December 31, 2021.

At December 31, 2021, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources	
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	$700
Total Deferred Inflows of Resources	$700

$0 reported as deferred outflows of resources related to OPEB resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2022	($700)
Total	($700)

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 health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) 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, 2019, rolled forward to the measurement date of December 31, 2020. 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:

Wage Inflation	3.25 percent
Future Salary Increases	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current Measurement Date	6.00 percent
Prior Measurement Date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current Measurement Date	2.00 percent
Prior Measurement Date	2.75 percent
Health Care Cost Trend Rate:	
Health Care Cost Trend Rate	
Current Measurement Date	8.50 percent, initial, 3.5 percent, ultimate in 2035
Prior Measurement Date	10.50 percent, initial, 3.5 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006.

The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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 the benefits provided through the defined 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 real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate – A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. 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) 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 an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index's "20-Year Municipal GO AA Index"). 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 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Port Authority's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate – The Port Authority's proportionate share of the net OPEB liability is calculated using the single discount rate of 6.00 percent, as well as what the Port Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2020.

Sensitivity of the Port Authority's Proportionate Share of the Net OPEB Liability (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 (asset). The net OPEB liability (asset) is calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2020.

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 2021 is 8.5 percent. 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 3.5 percent in the most recent valuation.

Changes between Measurement Date and Reporting Date – During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Note 7 – Related Party Transactions

During the year, Scioto County provided the Port Authority with $248,586 in cash to provide funding for expenses on its building construction project while the Port Authority finalized its bond issuance. Additionally, the County paid $64,420 in expenses on behalf of the Port Authority during this time. Upon receipt of bond proceeds, the Port Authority repaid the County in full for the cash loan and for expenses paid on its behalf prior to closing the bond issuance. In addition, Scioto County provided $35,000 to provide small business grants for job creation and business in the community.

Note 8 – Concentration of Credit Risk

The Port Authority's primary assets consist of land, buildings, rail facilities and river dock located in Portsmouth, Ohio. The Port Authority's primary source of income was grants and contributions and service fees. The purpose of the Port Authority's sale of industrial property is to promote the creation of industrial related jobs in Scioto County and property sales are typically made at below cost. The Port Authority has been totally dependent on outside contributions for its continued existence.

Note 9 - Contingencies

Environmental

The Port Authority has no known outstanding environmental issues as of the date of this report. The Port Authority has an agreement with Ohio EPA in which the Port Authority performs environmental inspections and corrects resulting problems on Brownfield property at the time the title is transferred to a prospective buyer in return for the Ohio EPA's covenant not to sue and becoming a part of the deed transferred to the buyer.

Grants

The Port Authority received financial assistance from governmental agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Port Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Port Authority at December 31, 2021.

Litigation

The Port Authority is not currently party to legal proceedings.

Note 10 – Risk Management

The Port Authority is included in Scioto County's County Risk Sharing Authority Joint Self Insurance Pool formed under Ohio Revised Code Section 2744. It provided for the following: comprehensive property and general liability coverage; vehicles; and errors and omissions. During 2021, the Port Authority had no settlements that exceeded insurance coverage in any of the past three years. There were also no significant changes in coverage from the prior year.

Note 11 – Conduit Debt Obligations

In order to provide financial assistance to private sector entities for the acquisition and construction of commercial and industrial facilities deemed to be in the public interest, the Port Authority, has from time to time, issued conduit debt. This debt is secured by the property financed and is payable solely from payments received on the underlying mortgage loans.

Ownership of the acquired facilities transfers to the private sector entity served by the bond issuance upon repayment of the bonds. The Port Authority, the State, nor any other political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the conduit debt is not reported as liabilities in the accompanying financial statements.

As of December 31, 2021, there was one conduit debt outstanding, that was originally filed for $10,000,000. The Educational Facilities Development Revenue Bond is still outstanding but is currently being paid by the Clark Foundation. To assist the private sector in acquiring and constructing facilities deemed to be in the public interest, the Port Authority issued $10 million in industrial revenue bonds on May 8, 2008. Mortgages on the facilities secure the bonds. The bonds are payable solely from payments received on the underlying mortgage loans. Neither the Port Authority, the State, nor any other political subdivision is obligated in any manner for paying the bonds. As of December 31, 2021, the outstanding balance of this debt was $6,589,026.

There was a second conduit debt outstanding that was issued in 2013 on behalf of Scioto County. The original issuance was for Economic Development Facilities Refunding Revenue Bonds in the amount of $1,815,000. As of December 31, 2021, the outstanding balance of this debt reported by Scioto County was $690,000.

There was a third conduit debt outstanding that was issued in 2020 on behalf of PureCycle Technologies. The original issuance was for Exempt Facility Revenue Bonds in the amount of $249,550,000. As of December 31, 2021, the outstanding balance of this debt was $249,550,000.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Port Authority. The impact on the Port Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Port Authority's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. The Port Authority did not receive any COVID-related funding in 2021.

Note 13 – Significant Contractual Commitments

The outstanding construction commitments relating to the spec building at December 31, 2021, are:

Contractor	Contract Amount	Amount Expended	Balance at 12/31/21
Howerton Engineering	$204,300	$137,758	$66,542
JR General Construction	775,000	0	775,000
O'Steel Buildings	994,343	745,757	248,586
Patton and Queen Construction Co.	999,850	120,250	879,600
Total	$2,973,493	$1,003,765	$1,969,728

Note 14 – Subsequent Event

On February 2, 2024, the Port Authority received a $2.5 million Rural Industrial Park Loan (RIPL) from Ohio Development Services Agency which had been previously applied for in conjunction with construction of a spec building at the SOAR Business Park.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Required Supplementary Information
Schedule of the Port Authority's Proportionate Share of the Net Pension Liability
Last Eight Years (1)

	2014	2015	2016	2017	2018	2019	2020	2021
Ohio Public Employees Retirement System								
Port Authority's proportion of the net pension liability	0.000000%	0.000571%	0.000881%	0.000853%	0.000687%	0.000000%	0.000000%	0.000000%
Port Authority's proportionate share of the net pension liability	$0	$68,869	$152,600	$193,702	$107,777	$0	$0	$0
Port Authority's covered-employee payroll	$0	$81,667	$109,692	$110,325	$90,769	$0	$0	$0
Port Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	84.33%	139.12%	175.57%	118.74%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%	84.85%	74.70%	82.17%	86.88%

The amounts presented for each year were determined as of December 31 of the previous year, which is the Port Authority's measurement date.
(1) Information not available prior to 2014.
See the accompanying notes to the required supplementary information.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Required Supplementary Information
Schedule of the Port Authority's Proportionate Share of the Net OPEB Liability
Last Five Years (1)

	2017	2018	2019	2020	2021
Ohio Public Employees Retirement System					
Port Authority's proportion of the net OPEB liability	0.00077784%	0.00064000%	0.00000000%	0.00000000%	0.00000000%
Port Authority's proportionate share of the net OPEB liability	$78,564	$69,499	$0	$0	$0
Port Authority's covered-employee payroll	$110,325	$90,769	$0	$0	$0
Port Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	71.21%	76.57%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	54.05%	54.14%	46.33%	47.80%	115.57%

The amounts presented for each year were determined as of December 31 of the previous year, which is the Port Authority's measurement date.
(1) Information not available prior to 2017.
See the accompanying notes to the required supplementary information.

Southern Ohio Port Authority
Scioto County
(A Component Unit of Scioto County, Ohio)
Required Supplementary Information
Schedule of the Port Authority's Contributions
Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Ohio Public Employees Retirement System										
Contractually required contribution (pension)	$0	$0	$9,800	$13,163	$13,239	$11,800	$0	$0	$0	$0
Contractually required contribution (OPEB)	0	0	1,633	2,194	2,207	908	0	0	0	0
Contractually required contribution (total)	0	0	11,433	15,357	15,446	12,708	0	0	0	0
Contributions in relation to the contractually required contribution	0	0	11,433	15,357	15,446	12,708	0	0	0	0
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Port Authority's covered-employee payroll	$0	$0	$81,667	$109,692	$110,325	$90,769	$0	$0	$0	$0
Contributions as a percentage of covered-employee payroll (pension)	0.00%	0.00%	12.00%	12.00%	12.00%	13.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll (OPEB)	0.00%	0.00%	2.00%	2.00%	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll (total)	0.00%	0.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See the accompanying notes to the required supplementary information.

Note 1 – Ohio Public Employees Retirement System

Pension

Changes in Assumptions

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	2020 and '2019	2018 and 2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-1/7/2013 retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-1/7/2013 retirees	See below	See below	See below
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related COLA or Ad Hoc COLA for Post-January 7, 2013 Retirees are as follows:

2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

OPEB

Changes in Assumptions

Investment Return Assumption:	
Beginning in 2019	6 percent
2018	6.5 percent
Municipal Bond Rate:	
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2021	8.5 percent, initial
	3.5 percent, ultimate in 2035
2020	10.5 percent, initial
	3.5 percent, ultimate in 2030
2019	10.0 percent, initial
	3.25 percent, ultimate in 2029
2018	7.5 percent, initial
	3.25 percent, ultimate in 2028

Changes in Benefit Terms

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

OHIO AUDITOR OF STATE
KEITH FABER

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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*

Southern Ohio Port Authority
Scioto County
602 Seventh Street, Room 310
Portsmouth, Ohio 45662

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of the Southern Ohio Port Authority, Scioto County, Ohio (the Port 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 Port Authority's basic financial statements and have issued our report thereon dated May 16, 2024 wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Port Authority.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Port 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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

Keith Faber
Auditor of State
Columbus, Ohio

May 16, 2024

Southern Ohio Port Authority
502 Court St
Portsmouth, OH 45662

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Ohio Rev. Code § 5705.38(A), Approving an Annual Budget	Partially Corrected	Management letter comment issued.

OHIO AUDITOR OF STATE
KEITH FABER

SOUTHERN OHIO PORT AUTHORITY

SCIOTO COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 6/11/2024

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