

STARK COUNTY PORT AUTHORITY

**STARK COUNTY, OHIO
(A COMPONENT UNIT OF STARK COUNTY)**

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Board of Directors
Stark County Port Authority
400 3rd Street SE, Suite 310
Canton, Ohio 44702

We have reviewed the *Independent Auditor's Report* of the Stark County Port Authority, Stark County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 03, 2021

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**STARK COUNTY PORT AUTHORITY
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Independent Auditor's Report

Stark County Port Authority
Stark County
400 3rd Street SE
Suite 310
Canton, Ohio 44702

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Stark County Port Authority, Stark County, Ohio, a component unit of Stark County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Stark County Port Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Stark County Port Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stark County Port Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stark County Port Authority, Stark County, Ohio, as of December 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Report on Summarized Comparative Information

We have previously audited the Stark County Port Authority's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2021 on our consideration of the Stark County Port Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Stark County 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 Stark County Port Authority's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 11, 2021

**STARK COUNTY PORT AUTHORITY
STARK COUNTY, OHIO
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Management's Discussion and Analysis
For the Year's Ended December 31, 2020

The discussion and analysis for the Stark County Port Authority's (SCPA) financial performance provides an overall review of the SCPA for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the SCPA's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the SCPA's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 are as follows:

- In total, net position decreased \$15,220 in 2020 from 2019. The decrease results from increased economic grants provided to the community in the form of \$100,000 and \$25,000, respectively. The \$100,000 grant was for advancing the economic vitality of the community-as-a-whole. The \$25,000 grant was provided to assist with the economic pressure of COVID and its impact on the regional Canton-Akron Airport (CAK). Increased charges for service related to multiple new projects including application and financing fees offset these projects to minimally affect net position.
- Total assets increased \$12,832,925 in 2020. This is due to increase in loans receivable; including, a net increase of \$5,919,567 for Omni Project, \$3,225,598 for Hendrickson Project, and \$3,989,713 for the Schroer. Project increases were offset by decrease from repayments to OWDA of \$671,597.
- Total liabilities increased by \$12,848,145 in 2020. The net liabilities increase corresponds directly to debt which corresponds to changes in loans receivable for projects including, Omni, Hendrickson, Schroer, and ABC Gardens, offset by reductions in OWDA debt.
- The total operating revenue amounted to \$2,633,936 in 2020, which is an increase \$1,602,067 driven by a slight decrease in charges for service offset a significant increase in loan receipts as outstanding balances were completed and repayment began in 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include a statement of net position, revenues, expenses and changes in net position and a statement of cash flows.

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Management's Discussion and Analysis
For the Year's Ended December 31, 2020

FINANCIAL ANALYSIS

Changes in Net Position

The following table shows the changes in net position for the years 2020 and 2019:

	Net Position	
	2020	2019
Assets		
Cash and Cash Equivalents	\$ 1,325,221	\$ 1,340,440
Cash in Segregated Accounts	384,864	-
Loans Receivable	85,937,502	73,474,221
Total Assets	87,647,587	74,814,661
Liabilities		
Loans Payable	86,322,366	73,474,221
Total Liabilities	86,322,366	73,474,221
Net Position		
Restricted	367	366
Unrestricted (Deficit)	1,324,854	1,340,074
Total Net Position	\$ 1,325,221	\$ 1,340,440

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Management's Discussion and Analysis
For the Year's Ended December 31, 2020

The following represents SCPA's summary of changes in net position:

**Table 2
Statements of Revenues, Expenses, and Changes in Net Position**

	2020	2019
Revenues		
Charges for Services	\$ 182,430	\$ 189,175
Operating Grants	25,000	25,000
Loan Revenues	2,426,106	810,839
Other	400	6,855
	<i>Total Operating Revenues</i>	<i>1,031,869</i>
Expenses		
Current:		
Administration	47,861	30,370
Bank Fees	281	562
Legal Fees	57,261	49,351
Economic Development Grant	125,000	97,000
Debt Service:		
Interest and Fiscal Charges	2,426,106	810,839
	<i>Total Operating Expenses</i>	<i>988,122</i>
	<i>Operating Income (Loss)</i>	<i>43,747</i>
	(22,573)	
Non-Operating Revenues (Expenses)		
Investment Income	7,353	23,714
<i>Total Non-Operating Revenues (Expenses)</i>	<i>7,353</i>	<i>23,714</i>
	<i>Change in Net Position</i>	<i>67,461</i>
	(15,220)	
<i>Net Position at Beginning of Year</i>	<i>1,340,440</i>	<i>1,272,979</i>
<i>Net Position at End of Year</i>	<i>\$ 1,325,220</i>	<i>\$ 1,340,440</i>

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Management's Discussion and Analysis
For the Year's Ended December 31, 2020

CAPITAL ASSETS

At the end of 2020, the SCPA had no capital assets, net of depreciation.

DEBT

The following table summarizes SCPA's debt:

	<u>2020</u>	<u>2019</u>
Ohio Water Development Agency	\$ 3,287,565	\$ 3,959,162
Timken Steel Construction	12,118,575	12,118,575
Geis Refinance 2019 Issue	27,400,000	27,400,000
Omni	9,886,768	3,967,201
Henrickson	21,744,594	18,518,996
Schroer	11,500,000	7,510,287
ABC Gardens	384,864	-
	<u>\$ 86,322,366</u>	<u>\$ 73,474,221</u>

Additional information on the SCPA's debt can be found in Note 6

CURRENT FINANCIAL RELATED ACTIVITIES

At December 31, 2020, SCPA had total assets of \$87,647,586 and total net position of \$1,325,220 representing an increase of \$15,220 or 1.1% in net position. At December 31, 2019, SCPA had total assets of \$74,814,661 and a total net position of \$1,340,440. The SCPA continues to benefit from projects and competitive fee structure.

REQUEST FOR INFORMATION

This financial report is designed to provide the citizens, taxpayers, and consumers of Stark County with a general overview of SCPA's financial position. If you have any questions about this report or need additional financial information, contact the Chairman, 400 3rd ST SE STE 310, Canton, OH 44702.

**STARK COUNTY PORT AUTHORITY
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Statements of Net Position
December 31, 2020
(With Comparative Amounts for 2019)

	2020	2019
Assets		
Cash and Cash Equivalents	\$ 1,325,221	\$ 1,340,440
Cash in Segregated Accounts	384,864	-
Loans Receivable	85,937,502	73,474,221
Total Assets	87,647,587	74,814,661
Liabilities		
Loans Payable	86,322,366	73,474,221
Total Liabilities	86,322,366	73,474,221
Net Position		
Retricted	367	366
Unrestricted (Deficit)	1,324,853	1,340,074
Total Net Position	\$ 1,325,220	\$ 1,340,440

See Accompanying Notes to the Basic Financial Statements

**STARK COUNTY PORT AUTHORITY
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Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2020
(With Comparative Amounts for 2019)

	2020	2019
Revenues		
Charges for Services	\$ 182,430	\$ 189,175
Operating Grants	25,000	25,000
Loan Revenues	2,426,106	810,839
Other	400	6,855
	2,633,936	1,031,869
Expenses		
Current:		
Administration	47,861	30,370
Bank Fees	281	562
Legal Fees	57,261	49,351
Economic Development	125,000	97,000
Debt Service:		
Interest and Fiscal Charges	2,426,106	810,839
	2,656,509	988,122
Total Operating Expenses		
Operating Income (Loss)	(22,573)	43,747
Non-Operating Revenues (Expenses)		
Investment Income	7,353	23,714
Total Non-Operating Revenues (Expenses)	7,353	23,714
Change in Net Position	(15,220)	67,461
Net Position at Beginning of Year	1,340,440	1,272,979
Net Position at End of Year	\$ 1,325,220	\$ 1,340,440

See Accompanying Notes to the Basic Financial Statements

**STARK COUNTY PORT AUTHORITY
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Statements of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Amounts for 2019)

	2020	2019
Cash Flows From Operating Activities		
Cash Received from Grants	\$ 25,000	\$ 25,000
Cash Received from Customers	182,830	196,030
Cash Received from Loan Interest	2,426,106	810,839
Cash Payments to Goods and Services	(230,403)	(188,533)
Cash Payment to Loan Interest	(2,426,106)	(810,839)
<i>Net Cash Provided (Used) by Operating Activities</i>	(22,573)	32,497
Cash Flows From Noncapital and Related Financing Activities		
Proceeds from GEIS of Massillon	-	31,192,542
Proceeds from GEIS Refinancing	-	27,400,000
Proceeds from Omni Orthopaedic Project	6,032,969	3,967,201
Proceeds from Hendrickson Project	3,865,434	18,518,996
Proceeds from Schroer Project	3,989,713	7,510,287
Proceeds from ABC Garden	384,864	-
Contributed Capital ABC Garden	91,488	-
Contributed Capital Hall of Fame Village Project	2,000	2,000
Cash Received from Outstanding Loans	1,424,835	11,219,192
Economic Development	(13,981,604)	(61,191,026)
Principal Paid on Capital Debt	(1,424,835)	(38,619,192)
<i>Net Cash Provided (Used) by Noncapital and Related Financing Activities</i>	384,864	-
Cash Flows From Investing Activities		
Interest and Dividends	7,353	17,576
<i>Net Cash Provided by Investing Activities</i>	7,353	17,576
<i>Net Increase (Decrease) in Cash</i>	369,644	56,211
Balance - Beginning of the Year	1,340,440	1,284,229
Balance - End of the Year	\$ 1,710,084	\$ 1,340,440
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(22,573)	43,747
Change in Assets and Liabilities		
Other Accounts Payable	-	(11,250)
	(22,573)	32,497

See Accompanying Notes to the Basic Financial Statements

**STARK COUNTY PORT AUTHORITY
STARK COUNTY, OHIO
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 1. DESCRIPTION OF THE ENTITY

The Stark County Port Authority (SCPA) is a body politic and corporate established to promote, develop and advance the general welfare, commerce, and economic development of Stark County and its citizens, and to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The SCPA is directed by a five-member Board appointed by the Stark County Commissioners.

The SCPA is a component unit of Stark County due to the members of the SCPA's Board being appointed by the Stark County Board of Commissioners and being economically dependent on the County for operating subsidies.

The SCPA's management believes these financial statements present all activities for which the SCPA is financially accountable. The SCPA was formed in June 1995 and became independent from Stark County as their fiscal agent in May 1998.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

Enterprise fund accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. Measurement Focus and Basis of Accounting

Enterprise fund accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the SCPA finances and meets the cash flow needs of its proprietary activities. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

The Ohio Revised Code Section 4582.13 required that each fund be budgeted annually. This budget includes estimated receipts and appropriations. According to the bylaws of the SCPA, the Board shall adopt an appropriation resolution. The SCPA reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and not re-appropriated. GAAP does not require enterprise funds to present budgetary statements; therefore, budgetary statements have not been included.

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STARK COUNTY, OHIO
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Cash and Cash Equivalents

To improve cash management, cash received by the SCPA is pooled. Individual fund integrity is maintained through the SCPA's records.

During 2020, investments were limited to Star Ohio. Except for investments in STAR Ohio, investments are reported at fair value which is based on quoted market prices.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

The SCPA has segregated bank accounts for monies held separately from the SCPA's central bank account. These depository accounts are presented on the balance sheet as "cash in segregated accounts" since they are not required to be deposited into the SCPA treasury.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the SCPA are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

An analysis of the SCPA's investment account at year end is provided in Note 3.

E. Capital Assets and Depreciation

Capital assets are capitalized at cost and updated for additions and deletions during the year. At fiscal year end, the SCPA had no capital assets.

F. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the SCPA. For the SCPA, these revenues are charges for services for leases, operating grants and loan receipts. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the SCPA. All revenues and expenses not meeting this definition are reported as nonoperating.

**STARK COUNTY PORT AUTHORITY
STARK COUNTY, OHIO
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the SCPA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The SCPA had a \$367 restricted net position as of December 31, 2020.

The SCPA applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

H. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3. DEPOSITS AND INVESTMENT

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

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

Interim monies may be deposit 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, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 3. DEPOSITS AND INVESTMENT – (Continued)

4. 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;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided the investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchased date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

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

Investment in stripped principal or interest obligations, reverse repurchase agreements and derivatives is 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 purchase unless matched to a specific obligation or debt of the SCPA 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.

A. Deposits

At year end, \$384,864 was on deposit in a segregated account and is not included in the deposit below.

The carrying amount of SCPA deposits was \$283,647 and the bank balance of the SCPA's deposits was \$285,069 at December 31, 2020 and \$306,219 at December 31, 2019. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2020, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), \$17,535 was covered by the Ohio Pooled Collateral System (OPCS) and \$17,534 was exposed to custodial credit risk because the amount was uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the SCPA will not be able to recover deposits or collateral securities that are in the possession of an outside party. The SCPA has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (a) eligible securities pledged to the SCPA 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 (b) 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. For 2020 the SCPA's depository institution was approved for a reduced collateral rate of 50% through the OPCS.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 3. DEPOSITS AND INVESTMENT – (Continued)

Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the SCPA to a successful claim by the FDIC.

B. Investments

As of December 31, 2020, the SCPA had the following investments and maturities

<u>Investment</u>	<u>Measurement Value</u>	<u>Investment Maturities</u>		
		<u>6 months less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>
Amortized Cost:				
Star Ohio	\$ 1,041,574	\$ 1,041,574	\$ -	\$ -
Total	<u>\$ 1,041,574</u>	<u>\$ 1,041,574</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Measurements: The SCPA categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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 SCPA had no qualifying investments at December 31, 2020.

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the SCPA’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard & Poor’s. The SCPA has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The SCPA’s investment policy does not specifically address credit risk beyond requiring the SCPA to only invest in securities authorized by State statute.

Custodial Rate Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the SCPA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The SCPA had no investment in repurchase agreements as of December 31, 2020. The entire balance of a repurchase agreement is collateralized by underlying securities that are held by the investment’s counterparty, not in the name of the SCPA. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty’s trust department or agency, but not in the SCPA’s name. The SCPA has no investment policy dealing with investment custodial risk beyond the requirement of the State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**STARK COUNTY PORT AUTHORITY
STARK COUNTY, OHIO
(A COMPONENT UNIT OF STARK COUNTY)**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 3. DEPOSITS AND INVESTMENT – (Continued)

Concentration of Credit Risk: The SCPA places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the SCPA at December 31, 2020:

<u>Investment Type</u>	Measurement	
	Value	% of Total
Star Ohio	\$ 1,041,574	100.00
Total	<u>\$ 1,041,574</u>	<u>100.00</u>

NOTE 4. RISK MANAGEMENT

The SCPA has obtained commercial crime and public officials' liability insurance from the Westfield Insurance Company. There has not been a significant reduction of coverage from the prior year and settled claims have not exceeded commercial coverage in any of the last three years.

NOTE 5. RELATED PARTY TRANSACTIONS

The SCPA contracts with the Stark Economic Development Board (SEDB) to maintain the SCPA's files and records in addition to providing facilities and related administrative functions. The SCPA paid the SDB \$40,500 in 2020, and \$54,700 in 2019 under the term of the contract.

NOTE 6. DEBT/LOANS PAYABLE

At December 31, 2020, debt outstanding totaled \$86,322,366 up from the \$73,474,221 debt outstanding at December 31, 2019. In 2020, SCPA additions increasing debt including: \$6.0 million for Omni, \$3.9 million for Hendrickson, \$4.0 million for the Schroer, and \$384,864 for the ABC Gardens projects.

	Balance			Balance
	12/31/2019	Additions	Reductions	12/31/2020
Ohio Water Development Authority	\$ 3,959,162	\$ -	\$ (671,597)	\$ 3,287,565
Timken Steel Project	\$ 12,118,575	\$ -	\$ -	\$ 12,118,575
Snackhouse/Geis Refinance 2019	\$ 27,400,000	\$ -	\$ -	\$ 27,400,000
Omni	\$ 3,967,201	\$ 6,032,969	\$ (113,402)	\$ 9,886,768
Hendrickson	\$ 18,518,996	\$ 3,865,434	\$ (639,836)	\$ 21,744,594
Schroer	\$ 7,510,287	\$ 3,989,713	\$ -	\$ 11,500,000
ABC Gardens	\$ -	\$ 384,864	\$ -	\$ 384,864
	<u>\$ 73,474,221</u>	<u>\$ 14,272,980</u>	<u>\$ (1,424,835)</u>	<u>\$ 86,322,366</u>

A. OWDA

In 2004, the SCPA, in conjunction with Superior Dairy, Inc., entered into an agreement to construct a Pre-treatment System. In order to obtain funds for the construction of the project, the SCPA entered into a loan agreement with the Ohio Water Development Authority (OWDA). The loan agreement authorized the SCPA to obtain loan funds of \$3,144,739 at a rate of 3% for 15 years. The final loan payment was made in 2020.

In 2010, the SCPA, in conjunction with Shearers Food Inc., entered into an agreement to assist in construction and expansion of its production facilities. In order to obtain funds for the construction of the project, the SCPA entered into a loan agreement with the Ohio Water Development Authority (OWDA). The loan agreement authorized the SCPA to obtain loan funds of \$3,400,000 at a rate of 3.2% for 15 years.

**STARK COUNTY PORT AUTHORITY
STARK COUNTY, OHIO
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 6. DEBT/LOANS PAYABLE – (Continued)

In 2013, the SCPA, in conjunction with Shearers Food Inc., entered into an agreement to assist in construction and expansion of its wastewater treatment facilities. In order to obtain funds for the construction of the project, the SCPA entered into a loan agreement with the Ohio Water Development Authority (OWDA). The loan agreement authorized the SCPA to obtain loan funds of \$3,819,522 at a rate of 3% for 15 years.

B. Timken Steel

In 2015 the SCPA authorized up to \$17,500,000 through The Bank of New York Mellon Trust Company for improving the Gambranus Steel Plant. The loan terms include a 5% interest rate with an indefinite length term. Construction was completed in 2017 and no amortization of principal has occurred nor has the length term been adjusted.

C. Geis

In 2018, the SCPA authorized up to \$41,000,000 through The Huntington Bank for the expansion at Shearers facilities in Massillon. In 2019, Geis repaid a portion of the loan and then refinanced the remaining portion. The refinancing included new issuance of \$27,400,000 at a rate of 4.77% for 7 years. The amortization schedule is provided below.

D. Omni

In 2019 the SCPA authorized up to \$10,000,000 through The Huntington Bank for the OMNI Orthopaedics facilities project. The loan term includes a variable interest rate for 10 years, currently it is 3.93%. The project was completed in 2020 and an amortization schedule is provided below.

E. Hendrickson

In 2019 the SCPA authorized up to \$25,000,000 through The Huntington Bank for improving manufacturing facilities. Construction was completed in 2020 for \$22,384,430. The loan terms include a 4% interest rate for 11 years. The amortization schedule is provided below.

F. Schroer

In 2019 the SCPA authorized up to \$11,500,000 through PNC Bank for construction of a new corporate headquarters and pharmacy building. The loan term includes a 4% interest rate for 10 years. The project was completed in 2020 and an amortization schedule is provided below.

G. ABC Garden

In 2020 the SCPA authorized up to \$4,200,000 through Civista Bank. The purpose of the project is to acquire land on the site of the former Tam O' Shanter Golf Course and to develop housing units. The project has requested \$384,864 and is expected to be completed in 2022. The SCPA has not received an amortization schedule for the ABC Gardens.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 6. DEBT/LOANS PAYABLE – (Continued)

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

Ohio Water Development Authority Loan		
Year Ending	Business-Type Activities	
December 31	Principal	Interest
2021	498,503	102,727
2022	513,570	87,660
2023	529,093	72,137
2024	545,085	56,145
2025	570,288	30,943
2026-2030	631,026	45,387
Total	<u>\$ 3,287,565</u>	<u>\$ 394,999</u>

U.S. Realty Advisors - Snackhouse/Geis		
Year Ending	Business-Type Activities	
December 31	Principal	Interest
2021	-	1,306,980
2022	-	1,306,980
2023	-	1,306,980
2024	34,347	1,306,980
2025	422,968	1,296,174
2026	26,942,685	1,170,067
Total	<u>\$ 27,400,000</u>	<u>\$ 7,694,161</u>

Huntington - Omni		
Year Ending	Business-Type Activities	
December 31	Principal	Interest
2021	350,680	187,481
2022	367,778	180,524
2023	385,709	173,228
2024	404,515	165,576
2025	424,238	157,551
2026-2029	7,953,848	441,405
Total	<u>\$ 9,886,768</u>	<u>\$ 1,305,765</u>

Huntington - Hendrickson		
Year Ending	Business-Type Activities	
December 31	Principal	Interest
2021	1,974,825	845,175
2022	2,056,420	763,580
2023	2,141,387	678,613
2024	2,228,096	591,904
2025	2,321,925	498,075
2026-2030	11,021,941	998,307
Total	<u>\$ 21,744,594</u>	<u>\$ 4,375,654</u>

PNC - Schroer		
Year Ending	Business-Type Activities	
December 31	Principal	Interest
2021	479,167	289,717
2022	575,000	275,052
2023	575,000	260,284
2024	575,000	245,516
2025	575,000	230,748
2026-2030	8,720,833	802,594
Total	<u>\$ 11,500,000</u>	<u>\$ 2,103,911</u>

**STARK COUNTY PORT AUTHORITY
STARK COUNTY, OHIO
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 7. LOANS RECEIVABLE

As of December 31, 2020, the loan receivable amount totaled \$85,937,502 up from the \$73,474,221 loan receivable at December 31, 2019. The increase is the net effect of financing and related expenditures of \$5.9 million for Omni, \$3.2 million for Hendrickson, and \$4.0 million for the Schroer project. These increases were offset slightly by small declines in OWDA project receivables consistent with the corresponding debt repayment schedules. The facilities in all other projects with remaining debt will immediately convey upon repayment, consistent with the terms of their respective project and financing agreement; therefore, the expenses are included as loans receivable as incurred. The revenue will be utilized to retire the corresponding debt related to the projects.

NOTE 8. CONDUIT DEBT

The SCPA authorized conduit financing of \$2,080,000, for the YMCA, to be used for the purposes of expanding the facilities in its Jackson Township location. This expansion doubles the square footage of the original facility. The financing was completed in 2014. The YMCA refinanced this debt in 2020 thus there was no outstanding loan as of December 31, 2020. In addition to the 2014 YMCA conduit financing, the YMCA refinanced the debt in 2020 related to the construction of a downtown Canton YMCA with financing provided by the SCPA in 2013. Finally, the Pro Football Hall of Fame expansion had \$7,210,000 outstanding as of December 31, 2020, related to conduit financing provided by the SCPA in 2011. The SCPA has no liability attached to any of the outstanding balances related to conduit financing, as such, the SCPA carries no liability impacting its Statement of Net Position.

NOTE 9. SUBSEQUENT EVENTS

The SCPA authorized \$90 million to the Tractor Supply Company (TSC) for the development of a projects facility. TSC has not requested any draws. Geis has made \$326,745 in interest payments, Hendrickson made \$940,000 in principal/interest payments, and ABC Gardens added approximately \$2.7 million in debt for their project.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Stark County Port Authority
Stark County
400 3rd Street SE
Suite 310
Canton, Ohio 44702

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, the financial statements of the Stark County Port Authority, Stark County, Ohio, a component unit of Stark County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Stark County Port Authority's basic financial statements, and have issued our report thereon dated May 11, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Stark County 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 Stark County Port Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Stark County 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 Stark County 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stark County 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 Stark County 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 Stark County Port Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
May 11, 2021

OHIO AUDITOR OF STATE KEITH FABER



STARK COUNTY PORT AUTHORITY

STARK 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 6/15/2021

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

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