

STARK COUNTY PORT AUTHORITY

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

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

Board of Directors
Stark County Port Authority
400 3rd Street SE
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, 2021 through December 31, 2021. 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 black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 31, 2022

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

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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 Audit of the Financial Statements

Opinion

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, 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Stark County Port Authority, as of December 31, 2021, 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.

Basis for Opinion

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. 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 Stark County 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 opinion.

Report on Summarized Comparative Information

We have previously audited the Stark County Port Authority's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Stark County 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Stark County 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 Stark County 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*, listed in the table of contents 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 18, 2022, 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 Stark County Port Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 18, 2022

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

Management's Discussion and Analysis
For the Year's Ended December 31, 2021
(Unaudited)

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, 2021. 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 2021 are as follows:

- In total, net position increased \$173,481 in 2021 from 2020. The increase results from increased in charges for service related to three significant new projects in 2021 and continued fees related to administering related debt for previous project. Grant revenue remained constants at \$25,000. Expenses related to administrative services in \$42,706 of which a one-time \$40,000 related to a negotiated adjustment whereby fees related to projects in 2019 and 2020 were incorrectly calculated when submitting for payment from the Port Authority. This fee reconciliation payment was authorized by a resolution of the Port Authority Board.
- Total assets increased \$31,58,516 in 2021. This is due to increase in loans receivable including, a net increase of \$8,099,860 for ABC Gardens Project I, \$8,662,032 for HOFV 2021 Center for Excellence, \$16,874,210 for TSC Tractor Project, and \$1,019,586ABC Gardens Project II. Project increases were offset by decrease from repayments for Shearers to OWDA of \$506,981, for Omni of \$350,680, for Hendrickson \$1,974,825, and \$479,167 for Schroer.
- Total liabilities increased by \$31,345,035 in 2021. The net liabilities increase corresponds directly to debt which corresponds to changes in loans receivable for projects including, HOFV 2021 Projects, TSC Tractor, ABC Gardens Project I & II, Omni, Hendrickson, Schroer, and ABC Gardens, offset by reductions in OWDA debt.
- The total operating revenue amounted to \$3,180,227 in 2021, which is an increase \$546,291 driven by increase in for service and the increase in loan receipts as several projects were completed and completed and repayment began in 2020. 2021 reflects a full year of those loan receipts accounting for the increase.

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.

**STARK COUNTY PORT AUTHORITY
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Management's Discussion and Analysis
For the Year's Ended December 31, 2021
(Unaudited)

FINACIAL ANALYSIS

Changes in Net Position

The following table shows the changes in net position for the years 2021 and 2020:

Table 1			
Net Position			
	2021	2020	
Assets			
Cash and Cash Equivalents	\$ 1,498,701	\$ 1,325,220	
Cash in Segregated Accounts	-	384,864	
Loans Receivable	117,667,401	85,937,502	
Total Assets	119,166,102	87,647,586	
Liabilities			
Loans Payable	117,667,401	86,322,366	
Total Liabilities	117,667,401	86,322,366	
Net Position			
Restricted	-	367	
Unrestricted (Deficit)	1,498,701	1,324,853	
Total Net Position	\$ 1,498,701	\$ 1,325,220	

**STARK COUNTY PORT AUTHORITY
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Management's Discussion and Analysis
For the Year's Ended December 31, 2021
(Unaudited)

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

Table 2		
Statements of Revenues, Expenses, and Changes in Net Position		
	2021	2020
Revenues		
Charges for Services	\$ 252,903	\$ 182,430
Operating Grants	25,000	25,000
Loan Receipts	2,890,595	2,426,106
Other	11,729	400
<i>Total Operating Revenues</i>	<u>3,180,227</u>	<u>2,633,936</u>
Expenses		
Current:		
Administration	90,567	47,861
Bank Fees	402	281
Legal Fees	26,034	57,261
Economic Development Grant	-	125,000
Debt Service:		
Interest and Fiscal Charges	2,890,595	2,426,106
<i>Total Operating Expenses</i>	<u>3,007,598</u>	<u>2,656,509</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	172,629	(22,573)
Non-Operating Receipts		
Investment Income	852	7,353
<i>Total Non-Operating Receipts</i>	<u>852</u>	<u>7,353</u>
<i>Change in Net Position</i>	173,481	(15,220)
<i>Net Position at Beginning of Year</i>	<u>1,325,220</u>	<u>1,340,440</u>
<i>Net Position at End of Year</i>	<u>\$ 1,498,701</u>	<u>\$ 1,325,220</u>
<i>The notes to the financial statements are an integral part of this statement.</i>		

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Management's Discussion and Analysis
For the Year's Ended December 31, 2021
(Unaudited)

CAPITAL ASSETS

At the end of 2021, the SCPA had no capital assets, net of depreciation.

Additional information on the SCPA's capital assets can be found in Note 7.

DEBT

The following table summarizes SCPA's debt:

	2021	2020
Ohio Water Development Agency	\$ 2,781,584	\$ 3,287,565
Timken Steel Construction	12,118,575	12,118,575
Geis Refinance 2019 Issue	27,400,000	27,400,000
Omni	9,536,088	9,886,768
Henrickson	19,769,769	21,744,594
Schroer	11,020,833	11,500,000
ABC Gardens Project I	8,484,724	-
HOFV 2021 - Center for Excellence	8,662,032	-
TSC Tractor	16,874,210	-
ABC Gardens Project II	1,019,586	384,864
	\$ 117,667,401	\$ 86,322,366

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

CURRENT FINANCIAL RELATED ACTIVITIES

At December 31, 2021, SCPA had total assets of \$119,166,102 and total net position of \$1,498,701 representing an increase of \$173,481 or 13.1% in net position. At December 31, 2020, SCPA had total assets of \$87,647,586 and a total net position of \$1,325,220. 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, 2021
(With Comparative Amounts for 2020)

	2021	2020
Assets		
Cash and Cash Equivalents	\$ 1,498,701	\$ 1,325,221
Cash in Segregated Accounts	-	384,864
Loans Receivable	117,667,401	85,937,502
Total Assets	119,166,102	87,647,587
Liabilities		
Loans Payable	117,667,401	86,322,366
Total Liabilities	117,667,401	86,322,366
Net Position		
Retricted	-	367
Unrestricted (Deficit)	1,498,701	1,324,853
Total Net Position	\$ 1,498,701	\$ 1,325,220

See Accompanying Notes to the Basic Financial Statements

STARK COUNTY PORT AUTHORITY
STARK COUNTY, OHIO
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Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2021
(With Comparative Amounts for 2020)

	2021	2020
Revenues		
Charges for Services	\$ 252,903	\$ 182,430
Operating Grants	25,000	25,000
Loan Revenues	2,890,595	2,426,106
Other	11,729	400
 Total Operating Revenues	 3,180,227	 2,633,936
Expenses		
Current:		
Administration	90,567	47,861
Bank Fees	402	281
Legal Fees	26,034	57,261
Economic Development	-	125,000
Debt Service:		
Interest and Fiscal Charges	2,890,595	2,426,106
 Total Operating Expenses	 3,007,598	 2,656,509
 Operating Income (Loss)	 172,629	 (22,573)
Non-Operating Revenues (Expenses)		
Investment Income	852	7,353
Total Non-Operating Revenues (Expenses)	852	7,353
 Change in Net Position	 173,481	 (15,220)
 Net Position at Beginning of Year	 1,325,220	 1,340,440
Net Position at End of Year	\$ 1,498,701	\$ 1,325,220

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, 2021
(With Comparative Amounts for 2020)

	2021	2020
Cash Flows From Operating Activities		
Cash Received from Grants	\$ 25,000	\$ 25,000
Cash Received from Customers	264,632	182,830
Cash Received from Loan Interest	2,890,595	2,426,106
Cash Payments to Goods and Services	(117,003)	(230,403)
Cash Payment to Loan Interest	(2,890,595)	(2,426,106)
	<u>172,629</u>	<u>(22,573)</u>
<i>Net Cash Provided (Used) by Operating Activities</i>		
Cash Flows From Noncapital and Related Financing Activities		
Proceeds from HOVF - Center for Excellence	8,662,032	-
Proceeds from TSC Tractor 2021 Projects	16,874,210	-
Proceeds from ABC Garden Project II	1,019,586	-
Proceeds from Omni Orthopaedic Project	-	6,032,969
Proceeds from Hendrickson Project	-	3,865,434
Proceeds from Schroer Project	-	3,989,713
Proceeds from ABC Garden	8,099,860	384,864
Contributed Capital HOFV 2021 Projects	1,963,442	-
Contributed Capital TSC Tractor Project	135,000	-
Contributed Capital ABC Garden	123,125	91,488
Contributed Capital Hall of Fame Village Project	-	2,000
Cash Received from Outstanding Loans	3,310,653	1,424,835
Economic Development	(37,262,119)	(13,981,604)
Principal Paid on Capital Debt	(3,310,653)	(1,424,835)
	<u>(384,864)</u>	<u>384,864</u>
<i>Net Cash Provided (Used) by Noncapital and Related Financing Activities</i>		
Cash Flows From Investing Activities		
Interest and Dividends	852	7,353
	<u>852</u>	<u>7,353</u>
<i>Net Cash Provided by Investing Activities</i>		
<i>Net Increase (Decrease) in Cash</i>	(211,383)	369,644
Balance - Beginning of the Year	1,710,084	1,340,440
Balance - End of the Year	<u>\$ 1,498,701</u>	<u>\$ 1,710,084</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	172,629	(22,573)
	<u>172,629</u>	<u>(22,573)</u>

See Accompanying Notes to the Basic Financial Statements

**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, 2021

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.

**STARK COUNTY PORT AUTHORITY
STARK COUNTY, OHIO
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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, 2021, 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 2021, 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 \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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 Port Authority, 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.

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 no restricted net position as of December 31, 2021.

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

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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;
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);

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 3. DEPOSITS AND INVESTMENT – (Continued)

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

The carrying amount of SCPA deposits was \$456,275 and the bank balance of the SCPA's deposits was \$496,275 at December 31, 2021 and \$285,069 at December 31, 2020. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2021, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), \$147,765 was covered by the Ohio Pooled Collateral System (OPCS) and \$98,510 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 2021 the SCPA's depository institution was approved for a reduced collateral rate of 60% through the OPCS. 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.

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**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, 2021

NOTE 3. DEPOSITS AND INVESTMENT – (Continued)

B. Investments

As of December 31, 2021, 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	<u>\$ 1,042,426</u>	<u>\$ 1,042,426</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 1,042,426</u>	<u>\$ 1,042,426</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, 2021.

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 AAA 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 has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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, 2021:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>% of Total</u>
	STAR Ohio	<u>\$ 1,042,426</u>
Total	<u>\$ 1,042,426</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.

**STARK COUNTY PORT AUTHORITY
STARK COUNTY, OHIO
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 \$79,800 in 2021 which included a \$40,000 negotiated fee reconciliation as approved by Port Authority Board resulting from project billing fees, and \$40,500 in 2020 under the term of the contract.

NOTE 6. DEBT/LOANS PAYABLE

At December 31, 2021, debt outstanding totaled \$117,667,401 up from the \$86,322,366 debt outstanding at December 31, 2020. In 2021, SCPA additions increasing debt including: \$8.1 million and \$1.0 million for ABC Gardens Projects I & II, \$8.7 million for HOFV 2021 project, and \$16.9 million for the TSC project.

	Balance			Balance
	12/31/2020	Additions	Reductions	12/31/2021
Ohio Water Development Authority	\$ 3,287,565	\$ -	\$ (505,981)	\$ 2,781,584
Timken Steel Project	\$ 12,118,575	\$ -	\$ -	\$ 12,118,575
Snackhouse/Geis Refinance 2019	\$ 27,400,000	\$ -	\$ -	\$ 27,400,000
Omni	\$ 9,886,768	\$ -	\$ (350,680)	\$ 9,536,088
Hendrickson	\$ 21,744,594	\$ -	\$ (1,974,825)	\$ 19,769,769
Schroer	\$ 11,500,000	\$ -	\$ (479,167)	\$ 11,020,833
ABC Gardens Project I	\$ 384,864	\$ 8,099,860	\$ -	\$ 8,484,724
HOFV 2021- Center for Excellence	\$ -	\$ 8,662,032	\$ -	\$ 8,662,032
Tractor Supply Company	\$ -	\$ 16,874,210	\$ -	\$ 16,874,210
ABC Gardens Project II	\$ -	\$ 1,019,586	\$ -	\$ 1,019,586
	\$ 86,322,366	\$ 34,655,688	\$ (3,310,653)	\$ 117,667,401

A. OWDA

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.

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.

**STARK COUNTY PORT AUTHORITY
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 6. DEBT/LOANS PAYABLE – (Continued)

D. Omni

In 2019 the SCPA authorized up to \$10,000,000 through The Huntington Bank for the OMNI Orthopedics 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 \$22,384,830. The loan terms include a 4% interest rate for 11 years. The amortization 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 Project I

In 2020 the SCPA authorized up to \$4,200,000 until amended to \$17,014,000 in 2021 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 drawn and expended \$8,099,860 in 2021 and is expected to be completed in 2022. The SCPA has not received an amortization schedule for the ABC Gardens.

H. HOFV 2021 – Center for Excellence

In 2021 the SCPA authorized up to \$39,000,000 through The Huntington Bank for the HOFV 2021 Center for Excellence Project. The loan term includes a 5% interest rate for 30 years. The project has drawn and expended \$8,662,032 in 2021. No amortization schedule is available.

I. Tractor Supply Company

In 2021 the SCPA authorized up to \$90,000,000 through The Huntington Bank for the construction of a new distribution facility in Navarre, Ohio. The loan term includes a 3% interest rate for 30 years. The project has drawn and expended \$16,874,210 in 2021. No amortization schedule is available.

J. ABC Garden Project II

In 2021 the SCPA authorized unused funds from ABC Phase I for the development of 41 single-story independent units. The project has drawn down \$1,019,586 in 2021. No amortization schedule is available.

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**STARK COUNTY PORT AUTHORITY
STARK COUNTY, OHIO
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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
2022	513,570	87,660
2023	529,093	72,137
2024	545,085	56,145
2025	561,560	39,670
2026	436,960	22,697
2027-2028	195,316	16,664
Total	<u>\$ 2,781,584</u>	<u>\$ 294,973</u>

U.S. Realty Advisors - Snackhouse/Geis Refinance 2019		
Year Ending	Business-Type Activities	
December 31	Principal	Interest
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>\$ 6,387,181</u>

Huntington - Omni		
Year Ending	Business-Type Activities	
December 31	Principal	Interest
2022	367,778	180,524
2023	385,709	173,228
2024	404,515	165,576
2025	424,238	157,551
2026	444,923	149,135
2027-2029	7,508,925	292,270
Total	<u>\$ 9,536,088</u>	<u>\$ 1,118,284</u>

Huntington - Hendrickson		
Year Ending	Business-Type Activities	
December 31	Principal	Interest
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	2,417,862	402,138
2027-2030	8,604,079	596,169
Total	<u>\$ 19,769,769</u>	<u>\$ 3,530,479</u>

PNC - Schroer		
Year Ending	Business-Type Activities	
December 31	Principal	Interest
2022	575,000	275,052
2023	575,000	260,284
2024	575,000	245,516
2025	575,000	230,748
2026	575,000	215,980
2027-2030	8,145,833	586,613
Total	<u>\$ 11,020,833</u>	<u>\$ 1,814,193</u>

**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, 2021

Note 7. LOANS RECEIVABLE

As of December 31, 2021, the loan receivable amount totaled \$117,667,401 up from the \$85,937,502 loan receivable at, December 31, 2020. The increase is the net effect of financing and related expenditures of \$8.1 million and \$1.0 million for ABC Gardens Projects I & II, \$8.7 million for HOFV 2021, and \$16.9 million for the TSC project. These increases were offset slightly by small declines in OWDA project receivables and other project loans receivable 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 the Pro Football Hall of Fame expansion had \$6,710,000 outstanding as of December 31, 2021, 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 \$49.5 million to Tompaul Industries Ohio, LLC for the development of a solid waste processing facility. Tompaul has not requested any draws. Geis has made \$326,745 in interest payments, Hendrickson made \$940,000 in principal/interest payments, Omni made \$136,441 in principal/interest payments, Schroer made \$188,721 in principal/interest payments, and Shearers (OWDA) made \$2,799,033 in principal/interest payments. Furthermore ABC Gardens phase I added approximately \$4 million in debt for their project and the HOFV Center for Excellence has added \$4.8 million.

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**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, 2021, 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 18, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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*.

Stark County Port Authority
Stark County

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*
Page 2

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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 18, 2022

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 6/14/2022

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