



OHIO AUDITOR OF STATE
KEITH FABER



**BUTLER COUNTY PORT AUTHORITY
BUTLER COUNTY
DECEMBER 31, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Butler County Port Authority
Butler County
130 High Street
Hamilton, Ohio 45011

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Butler County Port Authority, Butler County, Ohio (the Authority), a component unit of Butler County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 7 to the financial statements, during 2022, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* and GASB Statement No. 91, *Conduit Debt Obligations*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information 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 August 3, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
August 3, 2023

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Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2022
(Unaudited)

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

Financial Highlights

Key financial highlights for 2022 are as follows:

- The Port Authority generated \$529,686 in charges for services during the year.
- The Port Authority's cash balance increased \$458,245 during 2022 to \$3,711,865 at December 31, 2022.
- The Port Authority's net position increased \$557,848 during 2022.

Using this Financial Report

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

Implementation of New Accounting Principle

For the year ended December 31, 2022, the Port Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations*. GASB Statement No. 91 defines conduit debt obligations for accounting and financial reporting purposes and establishes related standards for recognition, measurement, and disclosure for issuers. The implementation of GASB Statement No. 91 impacted some previously presented 2021 information in this *Management's Discussion and Analysis* and is discussed further in Note 7.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2022
(Unaudited)

Statement of Net Position

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

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

Table 1 - Net Position

	2022	(Restated) 2021
Assets		
Current and Other Assets	\$ 4,374,439	\$ 3,280,995
Long-Term Assets	<u>17,335,000</u>	<u>18,308,597</u>
Total Assets	<u>21,709,439</u>	<u>21,589,592</u>
Liabilities		
Current Liabilities	542,430	525,431
Long-Term Liabilities	<u>17,335,000</u>	<u>17,790,000</u>
Total Liabilities	<u>17,877,430</u>	<u>18,315,431</u>
Net Position		
Unrestricted	<u>3,832,009</u>	<u>3,274,161</u>
Total Net Position	<u>\$ 3,832,009</u>	<u>\$ 3,274,161</u>

The Port Authority's current assets increased from 2021 to 2022 mainly as a result of increased cash balances which were the result of charges for services that were collected and earned in 2022. Current liabilities remained relatively flat from December 31, 2021 to December 31, 2022.

Long-term assets and long-term liabilities decreased from 2021 to 2022 as a result of scheduled debt service activity that is funded by an intergovernmental agreement with Butler County. See Note 5 to the financial statements for more information on long-term obligations, and the offsetting intergovernmental receivable from Butler County.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2022
(Unaudited)

Table 2 - Changes in Net Position

	<u>2022</u>	<u>(Restated)</u> <u>2021</u>
Operating Revenues		
Charges for Services	\$ 529,686	\$ 1,006,029
Total Operating Revenues	<u>529,686</u>	<u>1,006,029</u>
Operating Expenses		
Purchased Services	31,173	49,916
Total Operating Expenses	<u>31,173</u>	<u>49,916</u>
Operating (Loss)	<u>498,513</u>	<u>956,113</u>
Nonoperating Revenues (Expenses)		
Interest Revenue	59,335	1,714
Intergovernmental Revenue	1,061,371	1,081,955
Interest Expense	<u>(1,061,371)</u>	<u>(1,081,955)</u>
Total Nonoperating Revenue (Expense)	<u>59,335</u>	<u>1,714</u>
Change in Net Position	557,848	957,827
Net Position Beginning of Year	<u>3,274,161</u>	<u>2,316,334</u>
Net Position, End of Year	<u>\$ 3,832,009</u>	<u>\$ 3,274,161</u>

During 2022, the Port Authority continued to realize meaningful charges for services, although at a slower pace than in 2021, as the Port Authority continued to be involved with additional, potentially-advancing, projects within Butler County. Operating expenses were down in 2022, compared to 2021, as the Port Authority continued to operate more efficiently with reduced back-office expenses.

Butler County Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2022
(Unaudited)

Capital Assets

The Port Authority reported no capital assets at December 31, 2022.

Debt

The Port Authority reported \$17,790,000 of bonds payable at December 31, 2022. See Note 5 for more information on long-term obligations.

Contacting the Port Authority

This financial report is designed to provide a general overview of the finances of the Butler County Port Authority and to show the Port Authority's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Butler County Port Authority, 130 High Street, Hamilton, Ohio 45011.

Butler County Port Authority
Butler County, Ohio
Statement of Net Position
December 31, 2022

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 3,711,865
Receivables:	
Accounts	120,769
Intergovernmental	<u>541,805</u>
Total Current Assets	<u>4,374,439</u>
Long-Term Assets	
Receivables:	
Intergovernmental	<u>17,335,000</u>
Total Assets	<u>21,709,439</u>
Liabilities	
Current Liabilities	
Accounts Payable	625
Accrued Interest Payable	86,805
Bonds Payable	<u>455,000</u>
Total Current Liabilities	<u>542,430</u>
Long-Term Liabilities	
Bonds Payable	<u>17,335,000</u>
Total Liabilities	<u>17,877,430</u>
Net Position	
Unrestricted	<u>3,832,009</u>
Total Net Position	<u><u>\$ 3,832,009</u></u>

See accompanying notes to the basic financial statements.

Butler County Port Authority
Butler County, Ohio
Statement of Revenues, Expenses
and Changes in Net Position
For the Year Ended December 31, 2022

Operating Revenues		
Charges for Services	\$	529,686
Total Operating Revenues		<u>529,686</u>
Operating Expenses		
Purchased Services		31,173
Total Operating Expenses		<u>31,173</u>
Operating Income (Loss)		<u>498,513</u>
Nonoperating Revenues (Expenses)		
Interest Revenue		59,335
Intergovernmental Revenue		1,061,371
Interest Expense		<u>(1,061,371)</u>
Total Nonoperating Revenues (Expenses)		<u>59,335</u>
Change in Net Position		557,848
Net Position Beginning of Year		3,274,161
Net Position End of Year	\$	<u><u>3,832,009</u></u>

See accompanying notes to the basic financial statements.

Butler County Port Authority
Butler County, Ohio
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 436,292
Cash Payments to Suppliers for Goods and Services	(37,382)
Net Cash Provided (Used) by Operating Activities	<u>398,910</u>
Cash Flows from Non-Capital Financing Activities	
Cash Received from Other Governments	1,493,163
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,493,163</u>
Cash Flows from Capital and Related Financing Activities	
Principal Paid	(430,000)
Interest Paid	(1,063,163)
Net Cash Provided (Used) by Cash Flows from Capital and Related Financing Activities	<u>(1,493,163)</u>
Cash Flows from Investing Activities	
Interest Received	59,335
Net Cash Provided (Used) by Investing Activities	<u>59,335</u>
Net Increase (Decrease) in Cash and Cash Equivalents	458,245
Cash and Cash Equivalents at Beginning of Year	3,253,620
Cash and Cash Equivalents at End of Year	<u>\$ 3,711,865</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 498,513
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Decrease (Increase) in Accounts Receivable	(93,394)
(Decrease) Increase in Accounts Payable	(6,209)
Net Cash Provided (Used) by Operating Activities	<u>\$ 398,910</u>

See accompanying notes to the basic financial statements.

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2022

1. DESCRIPTION OF THE REPORTING ENTITY

The Butler County Port Authority (the “Port Authority”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority was established in September 2004 pursuant to section 4582.22 of the Ohio Revised Code by resolution of Butler County. The seven voting member Board of Directors directs the Port Authority.

The Port Authority provides services that are enumerated in Sections 4582.21 to 4582.29 of the Ohio Revised Code. The services include but are not limited to the power to purchase, construct, reconstruct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities.

The Port Authority is reported as a component unit of Butler County, Ohio, as defined by the provisions of GASB statement numbers 14 and 39. As such, its activities are reported within the County’s Annual Comprehensive Financial Report.

The Port Authority’s management believes these financial statements represent all activities for which the Port Authority is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of Butler County Port Authority 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.

A. Basis of Presentation

Enterprise 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, including depreciation) 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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all asset and all liabilities are included on the statement of net position. Equity (i.e., net position) consists of retained earnings. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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 utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Cash and Cash Equivalents

The Port Authority maintains a cash management program whereby cash is deposited with a banking institution in Butler County. The agreements restrict activity to certain deposits. These deposits are stated at cost which approximates market value. Investment procedures are restricted by the provisions of the Ohio Revised Code. During 2022, the Port Authority invested in STAR Ohio.

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 Port Authority measures their 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 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, 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.

For purposes of the statement of cash flows and for the presentation on the statement of net position, the funds in the cash management pool are considered to be cash equivalents.

D. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the Port Authority's primary mission. For the Port Authority, operating revenues include intergovernmental contributions to fund operations and local business contributions to work on grant applications, as well as administrative fees charged to cover operating expenses. Operating expenses are necessary costs incurred to support the Port Authority's primary mission.

Non-operating revenues and expenses are those that are not generated directly by the Port Authority's primary mission. Various state grants, local government contributions, interest income and expenses comprise the non-operating revenues and expenses of the Port Authority.

E. Accrued Liabilities

In general, payables and accrued liabilities are reported as obligations regardless of whether they will be liquidated with current resources.

F. 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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Port Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

G. Estimates

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

3. DEPOSITS AND INVESTMENTS

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

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2022

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Port Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money have been followed, noncompliance with Federal requirements could potentially subject the Port Authority to a successful claim by the Federal Deposit Insurance Corporation.

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

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

At year-end, the carrying amount of the Port Authority's deposits was \$64,470 and the bank balance was \$65,535. Federal depository insurance covered \$65,535 of the bank balance.

Investments

As of December 31, 2022, the Port Authority had investments in STAR Ohio totaling \$3,647,395.

The Port Authority has no investment policy dealing with investment credit risk beyond the requirements in state statutes. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

4. RISK MANAGEMENT

The Port Authority is covered by general liability and public official liability insurance. Settled claims have not exceeded insurance coverage in the past three years.

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2022

5. LONG-TERM OBLIGATIONS

Bonds Payable

Changes in the Port Authority's long-term liabilities for the year ended December 31, 2022, were as follows:

	(Restated) Beginning Balance	Deletions	Ending Balance	Due Within One Year
Bonds Payable - 3% to 6%	\$ 18,220,000	\$ (430,000)	\$ 17,790,000	\$ 455,000

The bonds payable were issued in 2014 for the purposes of acquiring and constructing certain public infrastructure improvements, in relation to the Liberty Center Project. The Port Authority has an intergovernmental agreement with the Butler County Board of County Commissioners that provides for the County to make the semi-annual payments to the debt service trustee in the exact amounts of the debt service that is due. While the Port Authority was the issuer on these bonds, Butler County is the third-party obligor on the bonds, and Butler County is also part of the same reporting unit as the Port Authority since the Port Authority is a component unit of Butler County. Accordingly, at December 31, 2022, the Port Authority recorded the above debt as an obligation (as opposed to conduit debt) and recorded an offsetting intergovernmental receivable from Butler County for the amount of the outstanding bonds payable.

Principal and interest requirements to retire the bonds payable, as of December 31, 2022, are as follows:

Bonds Payable			
Year	Principal	Interest	Total
2023	\$ 455,000	\$ 1,041,663	\$ 1,496,663
2024	475,000	1,018,912	1,493,912
2025	500,000	995,163	1,495,163
2026	530,000	966,412	1,496,412
2027	560,000	935,938	1,495,938
2028-2032	3,350,000	4,155,575	7,505,575
2033-2037	4,470,000	3,064,312	7,534,312
2038-2042	6,015,000	1,555,800	7,570,800
2043	1,435,000	86,100	1,521,100
Total	\$ 17,790,000	\$ 13,819,875	\$ 31,609,875

Butler County Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2022

Conduit Debt Obligations

One of the Port Authority's main functions is to provide Butler County companies and organizations with the ability to issue debt at a tax-exempt rate. These companies may use the Port Authority's tax-exempt status for such offerings by issuing conduit debt obligations, backed by reimbursement agreements with the Port Authority and trustee.

A conduit debt obligation is debt issued in the name of the issuer (the Port Authority) benefiting a third party that is liable for repayment of the debt, also known as a third-party obligor. The Port Authority, as issuer, has not made any commitments in connection with these conduit debt obligations that would require reporting an obligation under GASB 91. As such, the aggregate amount of conduit debt obligations outstanding at December 31, 2022, is disclosed below and is not being recorded in the Port Authority's financial statements.

The total amount of conduit debt outstanding at December 31, 2022, with the Port Authority as issuer, was approximately \$231 million.

6. SUBSEQUENT EVENTS

The Port Authority evaluated the effects subsequent events would have on the financial statements through the date of the auditor's report, which is the date that financial statements were available for issuance.

7. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the year ended December 31, 2022, the Port Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 has an objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The implementation of GASB Statement No. 87 did not have an effect on the Port Authority's 2022 financial statements.

For the year ended December 31, 2022, the Port Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations*. GASB Statement No. 91 defines conduit debt obligations for accounting and financial reporting purposes and establishes related standards for recognition, measurement, and disclosure for issuers. The implementation of GASB Statement No. 91 had the following effects on the Port Authority's 2022 financial statements:

- The Port Authority is no longer reporting receivables from conduit debt recipients and payables to conduit debt financial institutions.
- For conduit debt, the Port Authority discloses in the footnotes the aggregate amount of conduit debt outstanding, without recording such amounts in the financial statements.
- For debt the Port Authority issued where Butler County is the third-party obligor, the Port Authority is reporting this obligation as long-term debt, with an offsetting intergovernmental receivable. Additionally, payments made to the debt service trustee on the debt (for interest expense) are recorded as revenues in the operating statement, as well as interest expense in an equal and offsetting amount.

8. CONTINGENT LIABILITIES

Litigation

From time to time, the Port Authority may be subject to various lawsuits and/or claims over which litigation has not yet commenced. Although the outcomes of any such matters are not presently determinable, in the opinion of management, the resolution of these matters will not have a materially adverse effect on the financial condition of the Port Authority.

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Butler County Port Authority
Butler County
130 High Street
Hamilton, Ohio 45011

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Butler County Port Authority, Butler County, (the Authority), a component unit of Butler County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 3, 2023. We noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board Statements 87, *Leases*, and 91, *Conduit Debt Obligations*.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
August 3, 2023

OHIO AUDITOR OF STATE KEITH FABER



BUTLER COUNTY PORT AUTHORITY

BUTLER 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 8/15/2023

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