OHIO AUDITOR OF STATE
KEITH FABER

ASHTABULA COUNTY PORT AUTHORITY
ASHTABULA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

Ashtabula County Port Authority
Ashtabula County
35 West Jefferson Street
Jefferson, Ohio 44047

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Ashtabula County Port Authority, Ashtabula County, Ohio (the Authority, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2019, and the changes in its 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.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the Authority is reporting a prior period adjustment to properly report notes receivable which were not recorded in the 2018 financial statements. The Authority restated their net position as of January 1, 2019. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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

May 26, 2021

The discussion and analysis of the Ashtabula County Port Authority's (the "Authority") financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Authority's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- The Authority's net position increased by $1,046,562, or 5 percent.
- During 2019, the Authority had overall operating income of $795,724.
- The Authority made principal and interest payments on its outstanding Ohio Water Development Authority loan in the amount of $650,931 and $229,939, respectively. Additional draws made during 2019 on the Cristal USA Effluent line project increased the outstanding loan balance to $7,521,401.
- During 2019 the Authority entered into a new Ohio Water Development Authority loan for the water line extension project and had draws totaling $2,847,306 on this loan.
- The Authority's total net pension liability increased to $191,990 from $108,718 and the OPEB liability increased to $85,136, from $70,585, a combined net increase of $97,823. For more information on these liabilities see Notes 6 and 7 to the basic financial statements.

Using this Annual Financial Report

This report consists of a series of financial statements. The *Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position* provide information about the activities of the Authority and present a longer-term view of the Authority's finances.

A question typically asked about the Authority's finances "How did we do financially during 2019?" The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position report information about the Authority and its activities in a way that helps answer this question. These statements include *all assets, deferred outflows of resources, liabilities and deferred inflows of resources* using the *accrual basis of accounting* which is similar to the accounting used by most private-sector companies. The Authority charges a fee to customers to help it cover part of the services it provides. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's *net position* and *changes in that net position*. This change in net position is important because it tells the reader that, for the Authority as a whole, the *financial position* of the Authority has improved or diminished. The reader will need to consider other non-financial factors (e.g. changes in the condition of capital assets, regulations, weather, etc.) in order to assess the overall health of the Authority.

The Authority as a Whole

Recall that the Statement of Net Position provides the perspective of the Authority as a whole. Table 1 provides a summary of the Authority's net position for 2019, compared to 2018:

(Table 1) Net Position

	Business-Type Activities		
	2019	(Restated) 2018	Change
Assets			
Current and Other Assets	$4,942,233	$4,125,111	$817,122
Noncurrent Assets	9,738,280	9,604,028	134,252
Capital Assets, Net of Depreciation	17,749,440	14,503,263	3,246,177
Total Assets	32,429,953	28,232,402	4,197,551
Deferred Outflows of Resources			
Pension - OPERS	58,522	30,221	28,301
OPEB - OPERS	7,400	6,160	1,240
Total	65,922	36,381	29,541
Liabilities			
Current and Other Liabilities	366,402	161,927	(204,475)
Long-Term Liabilities:			
Due Within One Year	551,244	311,175	(240,069)
Due in More than One Year:			
Net Pension Liability	191,990	108,718	(83,272)
Net OPEB Liability	85,136	70,585	(14,551)
Other Amounts	9,830,825	7,164,670	(2,666,155)
Total Liabilities	11,025,597	7,817,075	(3,208,522)
Deferred Inflows of Resources			
Pension - OPERS	2,520	25,485	22,965
OPEB - OPERS	231	5,258	5,027
Total	2,751	30,743	27,992
Net Position			
Net Investment in Capital Assets	10,286,957	7,040,780	3,246,177
Restricted	10,784,710	11,047,481	(262,771)
Unrestricted	395,860	2,332,704	(1,936,844)
Total Net Position	$21,467,527	$20,420,965	$1,046,562

The net pension liability (NPL) is one of the largest liabilities reported by the Authority at December 31, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27." The Authority also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Total assets increased $4,197,551 during 2019. The majority of this increase was the result of an overall increase in capital assets as the Authority capitalized more costs related to the Cristal USA Effluent Line. Current assets increased due to increases in accounts receivable and cash on hand.

Total liabilities increased by $3,208,522 during 2019. Long-term liabilities increased due to the Authority's Ohio Water Development Loan draws increasing the balance along with an increase in net pension and net OPEB liabilities. Other liabilities increased due to increases in unearned revenue and accounts payable related to the Plant C project.

In total, net position of the Authority increased by $1,046,562 which can be attributed mostly to the aforementioned increase in capital assets and cash on hand.

Table 2 shows the revenues, expenses and the changes in net position for the year ended December 31, 2019 compared to the year ended December 31, 2018.

(Table 2)
Changes in Net Position

	Business-Type Activities		
	2019	(Restated) 2018	Change
Operating Revenues			
Praxair/Ashco Debt Reduction	$324,193	$381,303	($57,110)
Lease & Program Income	32,064	72,182	(40,118)
Charges for Services	2,020,341	1,947,094	73,247
Other Operating Revenues	8,494	31,466	(22,972)
Total Operating Revenues	2,385,092	2,432,045	(46,953)
Operating Expenses			
Plant C Operating Expenses	966,882	1,237,213	270,331
Personal Services	165,543	136,186	(29,357)
Contractual Services	70,300	24,487	(45,813)
Overhead, Rent & Utilities	33,201	13,342	(19,859)
Other Operating Expenses	7,688	5,047	(2,641)
Depreciation	345,754	325,045	(20,709)
Total Operating Expenses	1,589,368	1,741,320	151,952
Operating Income/(Loss)	795,724	690,725	104,999
Non-Operating Revenues (Expenses)			
Interest Income	59,696	8,201	51,495
Capital Grants	256,372	302,066	(45,694)
Sale of Scrap Metal/Capital Assets	(55,348)	116,070	(171,418)
Other Grant Related Expenses	(391,241)	(218,038)	(173,203)
Interest and Fiscal Charges	(403,641)	(209,167)	(194,474)
Capital Contributions	785,000	0	785,000
Total Non-Operating Revenues (Expenses):	250,838	(868)	251,706
Change in Net Position	1,046,562	689,857	356,705
Net Position Beginning of Year - Restated	20,420,965	19,731,108	689,857
Net Position End of Year	$21,467,527	$20,420,965	$1,046,562

Operating revenues decreased by $46,953 due primarily to a decrease in debt reduction payments, lease & program income and other revenues received from the previous year. Operating expenses decreased by $151,952 from the prior year due to a decrease in plant C operating expenses.

Capital Assets

The largest portion of the Authority's net position is its net investment in capital assets. The Authority uses these capital assets to provide services to the businesses and public using the Authority. Table 3 shows 2019 balances compared with 2018.

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

	Business-Type Activities		
	2019	2018	Change
Land	$1,739,227	$1,133,533	$605,694
Construction in Progress	2,847,306	464,644	2,382,662
Plant C	11,694,342	11,281,275	413,067
Buildings & Improvements (Other)	1,460,115	1,615,676	(155,561)
Furniture, Equipment and Vehicles	8,450	8,135	315
Totals	$ 17,749,440	$ 14,503,263	$ 3,246,177

The $3,246,177 increase in capital assets was due to current year additions to Plant C for the Cristal USA Effluent line project and construction in progress and other acquisitions exceeding current year depreciation of $345,754. Note 10 of the basic financial statements provides a more detailed look at the capital asset activity during 2019.

Debt & Other Long-Term Obligations

The Authority's outstanding long-term obligations are included in the following table:

(Table 4)
Outstanding Obligations, at December 31

	Outstanding 12/31/2019	Outstanding 12/31/2018	(Increase) Decrease
Long-Term Obligations:			
OWDA Loans	$10,368,707	$7,462,483	($2,906,224)
Accrued Mineral Rights	13,362	13,362	0
Net Pension Liability	191,990	108,718	(83,272)
Net OPEB Liability	85,136	70,585	(14,551)
Total Long-Term Obligations	$ 10,659,195	$ 7,655,148	$(3,004,047)

In 2016, the Authority entered into a new loan agreement with the Ohio Water Development Authority in the amount of $11,395,893 in order to help pay its cost associated with the Cristal USA Effluent Line. The Authority drew $709,849 on this loan in 2019 and paid back $650,931, but it is not yet finalized. As part of this agreement, Cristal will reimburse the Authority for the cost of this project. A note receivable in the amount of $9,459,406 has been recorded to reflect these repayments.

In 2019, the Authority entered into a new loan agreement with the Ohio Water Development Authority in the amount of $7,238,378 in order to help pay its cost associated with the Waterline Extension project. The Authority drew $2,847,306 on this loan in 2019, but it is not yet finalized.

Additional information concerning the Authority's long-term obligations can be found in Notes 5, 6 and 7 to the basic financial statements.

Factors Expected to Impact the Authority's Future Financial Position or Results of Operations

Plant C - During 2019, the Authority continued negotiations with two new users for the raw water distribution system. Neither of these entities is currently under contract but we are working to provide services and continue to negotiate rates in hopes of coming to an agreement.

Other – During 2019, the Authority acquired strategic pieces of property related to Industrial development. We will continue to look for opportunities to acquire strategic properties into 2020.

Contacting the Authority's Finance Department

This financial report is designed to provide our citizens, taxpayers, Authority users, and all interested parties with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mark Winchell, Executive Director of the Ashtabula County Port Authority, 35 West Jefferson Street, Jefferson, Ohio 44047.

Ashtabula County Port Authority
Statement of Net Position
December 31, 2019

	Port Authority
Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$ 3,533,585
Accounts Receivable	351,903
Loan Receivable	80
Prepaid Items	7,353
Other Assets	2,874
Total Current Assets	3,895,795
Noncurrent Assets:	
Land	1,739,227
Plant C	11,694,342
Other Buildings & Improvements	1,460,115
Furniture, Equipment & Vehicles	8,450
Construction in Progress	2,847,306
Notes Receivable	9,738,272
Property Held for Resale	8
Total Noncurrent Assets	27,487,720
Restricted and Other Assets:	
Cash and Cash Equivalents:	
Restricted for OWDA Loan Payments	1,019,421
Restricted for Economic Loans	26,362
Restricted for Economic Development Planning Committee	655
Total Restricted and Other Assets	1,046,438
Total Assets	32,429,953
Deferred Outflows of Resources	
Pension	58,522
OPEB	7,400
Total Deferred Outflows of Resources	65,922
Liabilities:	
Current Liabilities:	
Accounts Payable	55,182
Contracts Payable	86,560
Accrued Wages & Benefits	1,177
Intergovernmental Payable	244
Accrued Interest Payable	173,702
Unearned Revenue	49,537
OWDA Loans Payable - Current	551,244
Total Current Liabilities	917,646
Long-Term Liabilities (net of current portion)	
Accrued Mineral Rights	13,362
OWDA Loans Payable	9,817,463
Net Pension Liability	191,990
Net OPEB Liability	85,136
Total Long-Term Liabilities	10,107,951
Total Liabilities	11,025,597
Deferred Inflows of Resources	
Pension	2,520
OPEB	231
Total Deferred Inflows of Resources	2,751
Net Position	
Net Investment in Capital Assets	10,286,957
Restricted for Economic Development	27,017
Restricted for OWDA Loan Payments	10,757,693
Unrestricted	395,860
Total Net Position	$ 21,467,527

The notes to the basic financial statements are an integral part of this statement.

Ashtabula County Port Authority

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended December 31, 2019

	Port Authority
Operating Revenues	
Charges for Services	$ 1,714,841
Praxair/Ashco Debt Reduction Payments	324,193
Rent Revenue	305,500
Finance Programs Income	32,064
Other Operating Revenues	8,494
Total Operating Revenues	2,385,092
Operating Expenses	
Plant C Operating Expenses	966,882
Personal Services	165,543
Contractual Services	70,300
Overhead, Rent & Utilities	33,201
Other Operating Expenses	7,688
Depreciation Expense	345,754
Total Operating Expenses	1,589,368
Operating Income (Loss)	795,724
Non-Operating Revenues (Expenses)	
Capital Grants	256,372
Other Non-Operating Expenses	(55,348)
Interest Income	59,696
Other Grant Related Expenses	(391,241)
Interest and Fiscal Charges	(403,641)
Capital Contributions	785,000
Total Non-Operating Revenues (Expenses)	250,838
Change in Net Position	1,046,562
Net Position Beginning of Year - Restated (See Note 19)	20,420,965
Net Position End of Year	$ 21,467,527

The notes to the basic financial statements are an integral part of this statement.

Ashtabula County Port Authority

Statement of Cash Flows

For the Year Ended December 31, 2019

	Port Authority
Cash Flows From Operating Activities:	
Cash Received from Customers & Users	$ 2,971,890
Other Operating Revenues	39,316
Cash Paid to Operate Plant C	(894,666)
Cash Paid to Employees	(125,080)
Cash Paid for Contractual Services	(70,674)
Cash Paid for Overhead, Rent & Utilities	(30,037)
Cash Paid for Other Operating Expenses	(7,688)
Net Cash Provided By (Used For) Operating Activities	1,883,061
Cash Flows From Capital and Related Financing Activities	
Interest Income	59,696
Proceeds of OWDA Loans	3,557,155
Loan Program Repayments	150,530
Proceeds from Sale of Capital Assets	176,881
Cash Received from Capital Grants	256,372
Plant C Non-Operating Expenses	(294,918)
Payment for Capital Acquisitions	(3,718,985)
Other Grant Related Expenses	(177,400)
Principal Paid on Debt	(650,931)
Interest Paid on Debt	(229,939)
Net Cash Provided by (Used For) Capital and Related Financing Activities	(871,539)
Net Increase (Decrease) in Cash and Cash Equivalents	1,011,522
Cash and Cash Equivalents Beginning of Year	3,568,501
Cash and Cash Equivalents End of Year	$ 4,580,023

(continued)

Ashtabula County Port Authority
Statement of Cash Flows
For the Year Ended December 31, 2019

		Port Authority
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	$	795,724
Adjustments:		
Depreciation		345,754
(Increase) Decrease in Assets & Deferred Outflows:		
Accounts Receivable		41,356
Prepaid Assets		2,514
Notes Receivable		650,756
Deferred Outflows of Resources - Pension		(28,301)
Deferred Outflows of Resources - OPEB		(1,240)
Increase (Decrease) in Liabilities & Deferred Inflows:		
*Accounts Payable		36,898
Accrued Wages & Benefits Payable		143
*Contracts Payable		35,594
Due to Other Governments		30
Unearned Revenue		(65,998)
Net Pension Liability		83,272
Net OPEB Liability		14,551
Deferred Inflows of Resources - Pension		(22,965)
Deferred Inflows of Resources - OPEB		(5,027)
Total Adjustments		1,087,337
Net Cash Provided By (Used For) Operating Activities	$	1,883,061

Footnote:

* Accounts payable overall increase of $36,598 had two components: operating and non-operating. $36,898 was accounted for in the operating expenditures, while the balance was accounted for under capital and related financing activities.

* Contracts payable overall increase of $60,000 had two components: operating and non-operating. $35,594 was accounted for in the operating expenditures, while the balance was accounted for under capital and related financing activities.

The notes to the basic financial statements are an integral part of this statement.

Note 1 - Description of the Ashtabula County Port Authority & Reporting Entity

A. The Authority

The Port Authority of Ashtabula County, (the Authority) was created pursuant to Sections 4582.22 through 4582.59, inclusive, of the Ohio Revised Code for the purpose of promoting the manufacturing, commerce, distribution and research and development interests of Ashtabula County including rendering financial and other assistance to such enterprises situated in Ashtabula County and to induce the location in Ashtabula County of other manufacturing, commerce, distribution and research entities; to purchase, subdivide, sell and lease real property in Ashtabula County and erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Ashtabula County.

The Port Authority Board of Directors consists of the number of Directors it deems necessary and they are appointed by the Ashtabula County Commissioners. Currently, seven Directors serve on the Board.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable. As a result, the Port Authority is reflected as a component unit of Ashtabula County.

B. Reporting Entity

The Authority has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Authority are not misleading. The primary government consists of all departments, boards and agencies that are not legally separate from the Authority.

Component units are legally separate organizations for which a primary government is financially accountable. The Authority is financially accountable for an organization if the primary government appoints a voting majority of the organization's governing board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization's resources; or (3) the Authority is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or (4) the Authority is obligated for the debt of the organization. Under the criteria specified in Statement No. 14, the Authority has no component units. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority.

Note 2 - Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The more significant of the Authority's accounting policies are described below.

A. Basis of Presentation

The Authority's basic financial statements consist of a statement of net position, statement of activities, and a statement of cash flows. The Authority reports its operations in an enterprise fund. 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.

The Authority follows the business-type activities reporting requirements of GASB Statement No. 34. In accordance with this Statement, the accompanying basic financial statements are reported on an entity-wide basis.

GASB Statement No. 34 requires the following, which collectively make up the Authority's basic financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
- Notes to the Basic Financial Statements
- Required Supplementary Information
- Notes to Required Supplementary Information

B. Fund Accounting

The Authority uses a fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary, however the Authority is a proprietary fund.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service.

> ***Enterprise Funds*** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Port Authority is a single enterprise fund.

Port Authority Fund – The Port Authority fund accounts for all of the day to day activity, grants, lending programs and economic development activity relating to the Authority.

C. Measurement Focus and Basis of Accounting

All proprietary fund types are accounted for on 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 net total position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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. Unbilled service charges are recognized as revenue at year end.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before eligibility requirements are met are also recorded as a deferred inflow of resources. On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 6 and 7.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Authority, deferred inflows of resources were reported for pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the statement of net position (see Notes 6 and 7).

D. Cash and Cash Equivalents

The Authority maintains interest bearing depository accounts. All funds of the Authority are maintained in these accounts. These interest bearing depository accounts are presented in the statement of net position as "Cash and Cash Equivalents". The Authority has no investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general operating fund during 2019 was $59,696.

E. Restricted Assets and Related Liabilities

Bond indentures and other lease agreements require portions of debt proceeds as well as other resources of the Authority to be set aside for various purposes. These amounts are reported as restricted assets along with the unspent proceeds of the Authority's debt obligations. The liabilities that relate to the restricted assets are included in other liabilities payable from restricted assets in the Statement of Net Position.

F. Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Authority currently maintains a capitalization threshold set at $3,000.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. All reported capital assets except land and construction in progress are depreciated. Depreciation in the enterprise fund is computed using the straight-line basis over the following estimated useful lives:

Estimated Lives	Description
25 - 50 years	Buildings and Improvements
5 - 10 years	Vehicles
3 - 10 years	Furniture and Equipment

G. Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for debt service represents monies set aside for the repayment of debt.

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

H. Grants and Intergovernmental Revenues

State and Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. State and Federal reimbursement-type grants are recorded as intergovernmental receivables and revenues when all applicable eligibility requirements have been met and the resources are available.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Authority, these revenues are charges for services, rentals, leases and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Authority. Revenues and expenses which do not meet these definitions are reported as non-operating.

J. Financing Fee Income

Fees associated with economic development loan programs and conduit debt transactions are recognized in operating revenue as they are received.

K. Lease Accounting

The Authority classifies leases at the inception of each lease in accordance with Governmental Accounting Standards Board (GASB) Statement No. 62.

L. Pensions/Other Postemployment Benefits (OPEB)

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

M. 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.

N. Extraordinary & Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and that are either unusual in nature or infrequent in occurrence. The Authority had neither item in 2019.

Note 3 – Change in Accounting Principles

For 2019, the Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, "Certain Asset Retirement Obligations", Statement No. 84, "Fiduciary Activities", Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements", and GASB Statement No. 90, "Majority Equity Interest—an amendment of GASB Statement No. 14 and No. 61".

GASB Statement No. 83, Certain Asset Retirement Obligations, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 84, Fiduciary Activities, aims to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, aims to improve the information that is disclosed in notes to financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement also requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

GASB Statement No. 90, Majority Equity Interest - an amendment of GASB Statement No. 14 and No. 61, aims to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Note 4 – Deposits and Investments

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

Active monies are public deposits necessary to meet the demands on the treasury. Such monies must be maintained either as cash by the Authority, 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 Authority has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or 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;

4. Bonds and other obligations of the State of Ohio or Ohio local governments;

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 division (1) or (2) and repurchase agreements secured by such obligations.

7. The State Treasurer's investment pool (STAR Ohio); and

8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

Deposits with Financial Institutions

At December 31, 2019, the carrying amount of all Authority deposits was $4,580,023 and the bank balance of all Authority deposits was $4,580,023. $2,846,472 of the bank balance was covered by Federal Deposit Insurance Corporation (FDIC) and $1,733,551 was potentially exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in possession of an outside party. The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by (1) eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) 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 2019, the Authority's financial institutions were enrolled through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the FDIC.

Note 5 – Long-Term Obligations

Changes in the Authority's long-term obligations during 2019 were as follows:

Issue	Outstanding 12/31/18	Additions	(Reductions)	Outstanding 12/31/19	Amounts Due in One Year
OWDA Loans:					
Cristal USA Effluent Line - 2.0%	$7,462,483	$709,849	($650,931)	$7,521,401	$343,154
Waterline Extension - 2.0%	0	2,847,306	0	2,847,306	208,090
Total OWDA Loans	7,462,483	3,557,155	(650,931)	10,368,707	551,244
Other Long-Term Obligations:					
Net Pension Liability - OPERS	108,718	83,272	0	191,990	0
Net OPEB Liability - OPERS	70,585	14,551	0	85,136	0
Accrued Mineral Rights Payable - n/a	13,362	0	0	13,362	0
Total Other Long-Term Obligations	192,665	97,823	0	290,488	0
Total Long-Term Obligations	$7,655,148	$3,654,978	($650,931)	$10,659,195	$551,244

The Port Authority has entered into a contractual agreement for a purchase and improvement loan from OWDA for the Cristal USA Effluent line project in the amount $11,395,893. Under the terms of this agreement, OWDA will reimburse, advance, or directly pay the construction costs of the approved project. OWDA will capitalize administrative costs and construction interest and add them to the total amount of the final loan. This loan will not have an accurate repayment schedule until it is finalized and, therefore, is not included in the schedule of future debt service requirements. The balance of the loan is $7,521,401.

The Port Authority has entered into a contractual agreement for a purchase and improvement loan from OWDA for the Waterline Extension project in the amount $7,238,378. Under the terms of this agreement, OWDA will reimburse, advance, or directly pay the construction costs of the approved project. OWDA will capitalize administrative costs and construction interest and add them to the total amount of the final loan. This loan will not have an accurate repayment schedule until it is finalized and, therefore, is not included in the schedule of future debt service requirements. The balance of the loan is $2,847,306.

The Authority pays obligations related to employee compensation from the enterprise fund.

In April of 2000, the Port Authority entered into an agreement with Cambrian Hunter, Inc. for the purpose of settling claims and disputes between the two parties concerning mineral rights on the Industrial Park property purchased by the Port Authority. Under the terms of the agreement, the Port Authority is to pay Cambrian $500 each time it sells one acre of land of the Industrial Park.

Note 6 - Defined Benefit Pension Plan

Net Pension Liability

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

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee, on a deferred payment basis, as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and other variables. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Authority’s share of each plan’s unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
2019 Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-Employment Health Care Benefits	0.0%
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractual required contribution was $13,948 for 2019.

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

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability Prior Measurement Date	0.00069300%
Proportion of the Net Pension Liability Current Measurement Date	0.00070100%
Change in Proportionate Share	0.00000800%
Proportionate Share of the Net Pension Liability	$191,990
Pension Expense	$45,957

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$10
Net difference between projected and actual earnings on pension plan investments	26,058
Change of Assumptions	16,714
Change in proportionate share and difference between Authority contributions and proportionate share of contributions	1,792
Authority contributions subsequent to the measurement date	13,948
Total Deferred Outflows of Resources	$58,522
Deferred Inflows of Resources	
Differences between expected and actual experience	$2,520

$13,948 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2020	$18,689
2021	8,827
2022	2,419
2023	12,119
Total	$42,054

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirement of GASB 67:

Wage Inflation	3.25 Percent
Future Salary Increases, Including Inflation	3.25 Percent to 10.75 Percent
COLA or Ad hoc COLA	Pre 1/7/2013 retirees: 3 Percent Simple; Post 1/7/2013 retirees: 3 Percent Simple through 2018, then 2.15 Percent Simple
Current Measurement Period - Investment Rate of Return	7.20 Percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term rate of return on defined benefit investment assets was determined using a building–block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 2.94 percent for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Authority's Proportionate Share of the Net Pension Liability	$283,625	$191,990	$115,840

Note 7 – Defined Benefit Other Postemployment Benefits (OPEB) Plan

Net OPEB Liability

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

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions-between an employer and its employees-of salaries and benefits for employee services. OPEB is provided to an employee, on a deferred-payment basis, as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, cost trends and other variables. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Authority's share of each plan's unfunded benefits is presented as a long-term *net other postemployment benefit liability* on the accrual basis of accounting.

Ohio Revised Code limits the Authority's obligation for liabilities to OPERS to annual required payments. The Authority cannot control benefit terms or the manner in which OPEB from the cost-sharing, multiple-employer plans are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits but does not require the cost-sharing, multiple-employer retirement systems to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description—Ohio Public Employees Retirement System (OPERS)

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement No. 75. See OPERS' CAFR referenced below for additional information.

The ORC permits but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy—The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by Systems' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by ORC. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care for 2019 was 0 percent for both the traditional pension and combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2019 was 4.0 percent.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred inflows of Resources Related to OPEB

The net OPEB liability for OPERS was measured as of December 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to December 31, 2018 by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement system relative to the contributions of all participating entities. The following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability Prior Measurement Date	0.00065000%
Proportion of the Net OPEB Liability Current Measurement Date	0.00065300%
Change in Proportionate Share	0.00000300%
Proportionate Share of the Net OPEB Liability	$85,136
OPEB Expense	$8,284

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$30
Net difference between projected and actual earnings on pension plan investments	3,903
Change of Assumptions	2,746
Change in proportionate share and difference between Airport contributions and proportionate share of contributions	721
Total Deferred Outflows of Resources	$7,400
Deferred Inflows of Resources	
Differences between expected and actual experience	$231
Total Deferred Inflows of Resources	$231

No amount was reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2020	$3,620
2021	936
2022	646
2023	1,968
Total	$7,170

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by employers and plan members) and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018.

Key Methods and Assumptions used in Valuation of the Total OPEB Liability:

Actuarial Valuation Date	December 31, 2017
Rolled-Forward Measurement Date	December 31, 2018
Experience Study	5-Year Period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Actuarial Assumptions:	
Single Discount Rate	3.96 Percent
Investment Rate of Return	6.00 Percent
Municipal Bond Rate	3.71 Percent
Wage Inflation	3.25 Percent
Projected Salary Increases	3.25 - 10.75 Percent (includes wage inflation at 3.25 Percent)
Health Care Cost Trend Rate	10.0 Percent Initial, 3.25 Percent ultimate in 2029

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 5.60 percent for 2018.

The allocation of investment assets within the Health Care portfolio is approved by the OPERS Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the OPERS Board-approved asset allocation policy for 2018 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
REIT's	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.0 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position and future contributions were sufficient to finance health care costs through the year 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates. The following table presents the net OPEB liability calculated using the single discount rate of 3.96 percent and the expected net OPEB liability if it were calculated using a discount rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Authority's Proportionate Share of the Net OPEB Liability	$108,920	$85,136	$66,221

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.0 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

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

	1% Decrease	Current Health Care Trend Rate	1% Increase
Authority's Proportionate Share of the Net OPEB Liability	$81,834	$85,136	$88,939

Note 8 – Other Employee Benefits

A. Sick Days

Full time employees earn five sick leave days per year using the anniversary date of hire for calculating the days. Unused sick days have no value upon termination and cannot be carried over from year to year. Therefore, there was no liability for accrued but unused sick days as of December 31, 2019.

B. Vacation

Full time employees are eligible for paid vacation time depending upon length of service. Vacation for full-time exempt and non-exempt employees is earned as follows:

After first year of employment	3.10 hours per 80 hours worked (10 days)
After fifth year of employment	4.60 hours per 80 hours worked (15 days)

If the employee does not use all of their vacation time, a request to carry over the unused balance must be approved by the Board. Unused vacation days have no value upon termination, therefore, there was no liability for accrued but unused vacation days as of December 31, 2019.

Note 9 - Risk Management

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 10 - Capital Assets

A summary of the Authority's capital assets at December 31, 2019 follows:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Capital Assets, not being depreciated:				
Land	$1,133,533	$606,427	($733)	$1,739,227
Construction in Progress	464,644	3,557,155	(1,174,493)	2,847,306
Total Capital Assets, not being depreciated:	1,598,177	4,163,582	(1,175,226)	4,586,533
Capital Assets, being depreciated:				
Plant C	12,058,851	709,849	0	12,768,700
Buildings and Improvements - Other	1,774,888	123,400	(243,688)	1,654,600
Furniture, Equipment and Vehicles	13,295	1,830	0	15,125
Total Capital Assets, being depreciated:	13,847,034	835,079	(243,688)	14,438,425
Less Accumulated Depreciation:				
Plant C	(777,576)	(296,782)	0	(1,074,358)
Buildings and Improvements - Other	(159,212)	(47,457)	12,184	(194,485)
Furniture, Equipment and Vehicles	(5,160)	(1,515)	0	(6,675)
Total Accumulated Depreciation	(941,948)	(345,754)	12,184	(1,275,518)
Total Capital Assets being depreciated, net	12,905,086	489,325	(231,504)	13,162,907
Total Capital Assets, Net	$14,503,263	$4,652,907	($1,406,730)	$17,749,440

Note 11 – Contingent Liabilities

Financial Assistance - The Authority receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits may require refunding to grantor agencies. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements included herein or on the overall financial position of the Authority as of December 31, 2019.

Note 12 – Economic Development Planning Committee

In June of 2009, the Port Authority accepted a County contribution for the Economic Development Planning Committee (EDPC). The EDPC had a budget of $655 for 2019 and is charged with the responsibility of developing a County strategic plan. Once complete, the County Commissioners will take ownership of plan. During 2019, no EDPC money was spent.

At December 31, 2019, the Port Authority was still holding $655 of EDPC funds in a checking account to be spent on EDPC approved activity and is presented as restricted cash.

Note 13 – Water Pumping Service Agreement

On April 28, 2006, the Port Authority entered into a ten-year agreement to provide water pumping services to Linde (formerly Praxair Inc.). Under the terms of this agreement, the Port Authority agrees to provide process water from Plant C to Linde's manufacturing facility. Assuming neither party breaches the written terms of the agreement, Linde will continue to pay the monthly operating fee to the Port Authority at agreed upon rates which can fluctuate based upon the Port Authority's costs to provide the service. The original agreement expired in 2016 and Linde has exercised a one-year option from 2016 through 2020.

Note 14 – Water Pumping Service Guaranty

On April 28, 2006, the Port Authority entered into a ten-year guaranty with INEOS (formerly Millennium Inorganic Chemicals Inc.), to provide water pumping services to Ashco, Inc., a wholly owned subsidiary of INEOS. Under the terms of this agreement, INEOS guarantees the due and punctual payment of any and all amounts payable by Ashco, Inc., to the Port Authority, provided the Port Authority does not breach the terms of the contract. The original agreement expired in 2016 and INEOS has exercised a one-year option from 2016 through 2019.

Note 15 – Operating Lease Agreements

Authority as Lessor

Aloterra Real Estate, LLC - On December 1, 2015, the Authority entered into a ten year operating lease agreement with Aloterra Real Estate, LLC for property and buildings located on Maple Extension Street and Main Street in the Village of Andover. The Authority also agreed to make certain improvements to the condition of property. The lease commenced on December 1, 2015 and is scheduled to expire November 30, 2025, with an option to purchase the property at the expiration of the initial ten year lease term at a price of $1. If a purchase agreement is reached, Aloterra will also be responsible for any outstanding financial obligation incurred by the Authority for short term capital improvements and environmental remediation. Rental payments under the lease are $500 per month for the first three months (December 2015 thru February 2016), $1,000 per month for the next four months (March 2016 thru June 2016), $2,500 per month for the next five months (July 2016 thru November 2016), $3,000 per month for the next 12 months (December 2016 thru November 2018), and $5,000 per month for the remainder of the lease.

The future minimum rental payments to be received under this lease agreement are as follows:

	Amount
Year Ending December 31:	
2020	$60,000
2021	60,000
2022	60,000
2023	60,000
2024	60,000
2025	55,000
Total	$355,000

The Authority recorded $0 of rental income under this lease for the year ended December 31, 2019. Aloterra Real Estate, LLC filed for bankruptcy in 2020, see Note 20 for more information.

Authority as Lessee

Office Lease - The Authority leases office space at 35 West Jefferson Street, Jefferson, Ohio from Ashtabula County on a month to month basis for $100. Rental expense, recognized on a straight-line basis, related to the Authority's lease was $1,200 for the year ended December 31, 2019.

Note 16 – Loan Receivable

Loans receivable at December 31, 2019 represents a loan to businesses including the Ashtabula County Land Reutilization Corporation (Land Bank) for the purpose of economic development. As of December 31, 2019, the loan receivable was $80.

Note 17 – Water Supply Agreement

On July 15, 2019, the Port Authority entered into a fifteen-year water supply agreement with ASHTA Chemicals Inc., to provide raw water to ASHTA at a rate not to exceed 8,000 gallons per minute. Under the terms of this agreement ASHTA agrees to purchase and pay for water to be delivered, and agrees, at its own cost and expense, to construct, maintain, operate, and repair all lines, pipes, conduits, regulators, safety appliances, and other apparatus necessary for use or conduction of water to its plant.

Capacity Reservation Fee - In consideration of the commitment by the Authority to provide process water to ASHTA in accordance with the terms of, and for the duration of this agreement, ASHTA shall pay the Authority a monthly fee in the amount of $25,682.77. Should this agreement be terminated for any reason, the remaining balance of the Capacity Reservation Fee through the end of the original agreement will be due within ninety (90) days.

Note 18 – Notes Receivable

INEOS Affluent Line Project

INEOS (formerly Cristal USA Inc.), produces and manufactures, among other things, titanium dioxide ("Ti02") for use in paints, papers and plastics, among other commercial products. A byproduct of the manufacture of TiO2 is effluent wastewater, which, in the past in the ordinary course of business, has been transported through a series of pipes to a power plant owned by First Energy. Due to governmental regulations, the First Energy Plant ceased conducting operations and INEOS now requires a long-term alternative solution for the transportation of such effluent wastewater from its operating plant.

During 2016, the Authority and INEOS (formerly Cristal USA Inc.), entered into a collaboration agreement to devise a long-term alternative solution for the transportation of effluent wastewater from its operating plant. To consummate and complete the project, the Authority agreed to contract, finance and manage construction of the Project, as well as own the resulting assets, and INEOS will assist and have management input to the project execution, however final decisions were in the sole discretion of the Authority. To finance the project, the Authority secured a loan from the Ohio Water Development Authority (OWDA) for all of the costs and expenses of the project, and as an inducement to the Authority to secure the loan, INEOS agreed to the full and timely reimbursement and repayment to the Authority of all of the outstanding debt plus interest at an annual rate of 3.47 percent.

Repayment of the outstanding note amount plus interest shall be made by INEOS to the Authority on a monthly-basis and amortized over a fifteen-year period. The amortization of this repayment to the Authority is as follows.

Year Ending	2016 INEOS Effluent Line		
31-Dec	Principal	Interest	Total
2020	$670,191	$317,649	$987,840
2021	693,820	294,020	987,840
2022	718,282	269,558	987,840
2023	743,607	244,233	987,840
2024	769,824	218,016	987,840
2025 - 2029	4,275,900	663,299	4,939,199
2030 - 2031	1,587,782	48,372	1,636,154
Total	$9,459,406	$2,055,147	$11,514,553

INEOS Asbestos Remediation Project

On January 1, 2017, the Port Authority entered into a ten-year agreement with INEOS (formerly Crystal) to permit INEOS to pay their portion of an asbestos remediation project. Normally, the cost of a project is paid in full upon completion. The total cost of the asbestos remediation project was $900,000 of which INEOS portion was $393,750. Monthly payments of $3,412.50 or $40,950 per year are required.

Repayment of the outstanding note amount plus interest shall be made by INEOS to the Authority on a monthly-basis and amortized over a ten-year period. The amortization of this repayment to the Authority is as follows.

Year Ending	2017 INEOS Asbestos Remediation		
31-Dec	Principal	Interest	Total
2020	$38,914	$2,036	$40,950
2021	39,218	1,732	40,950
2022	39,525	1,425	40,950
2023	39,835	1,115	40,950
2024	40,147	803	40,950
2025 - 2026	81,227	662	81,889
Total	$278,866	$7,773	$286,639

Note 19 – Restatement of Prior Year Net Position

During 2019, the Authority restated prior year Net Position as follows:

	Port Authority
Net Position at December 31 2018, as Previously Reported	$10,816,937
Adjustments:	
Note Receivable for the Asbestos Remediation Project*	317,477
Note Receivable for the Affluent Line Project*	9,286,551
Restated Net Position at December 31, 2018	$20,420,965

*See Note 18 for the details of these agreements

During 2019, the Authority performed an internal review of its financial statements and determined that notes receivable totaling $9,604,028 were not included in the 2018 statements. These corrections have been made as of 1/1/2019. See Note 18 for the details of these agreements.

Note 20 – Subsequent Event

During 2020, Aloterra Real Estate, LLC, a vendor who owes the Authority $103,592 for unpaid lease payments and real estate tax reimbursements, filed for bankruptcy. The Authority recorded an account receivable in the amount of $103,592 on its Statement of Net Position at December 31, 2019, but that amount will most likely not be collected due to the bankruptcy.

Ashtabula County Port Authority
Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System (OPERS) - Traditional Plan
Last Six Years (1)

	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.00070100%	0.00069300%	0.00067863%	0.0006280%	0.0006040%	0.0006040%
Authority's Proportionate Share of the Net Pension Liability	$191,990	$108,718	$154,106	$108,778	$72,849	$71,204
Authority's Covered-Employee Payroll	$94,643	$91,635	$87,728	$78,155	$74,030	$69,455
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	202.86%	118.64%	175.66%	139.18%	98.40%	102.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

Amounts presented as of the Authority's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

Ashtabula County Port Authority
Required Supplementary Information

Schedule of Authority Pension Contributions
Ohio Public Employees Retirement System (OPERS) - Traditional Plan
Last Ten Years

	2019	2018	2017	2016
Contractually Required Pension Contribution	$13,948	$13,250	$11,913	$10,527
Pension Contributions in Relation to the Contractually Required Contribution	($13,948)	($13,250)	($11,913)	($10,527)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Authority Covered-Employee Payroll	$99,626	$94,643	$91,635	$87,728
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	12.00%

See accompanying notes to the required supplementary information.

2015	2014	2013	2012	2011	2010
$9,379	$8,884	$9,029	$7,262	$5,973	$3,446
($9,379)	($8,884)	($9,029)	($7,262)	($5,973)	($3,446)
$0	$0	$0	$0	$0	$0
$78,155	$74,030	$69,455	$72,620	$59,734	$35,600
12.00%	12.00%	13.00%	10.00%	10.00%	9.68%

Ashtabula County Port Authority
Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System (OPERS)
Last Three Years (1)

	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.00065300%	0.00065000%	0.00063480%
Authority's Proportionate Share of the Net OPEB Liability	$85,136	$70,585	$64,118
Authority's Covered-Employee Payroll	$94,643	$91,635	$87,728
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	89.95%	77.03%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available.

Amounts presented as of the Authority's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

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Ashtabula County Port Authority

Required Supplementary Information

Schedule of Authority OPEB Contributions

Ohio Public Employees Retirement System (OPERS)

Last Ten Years

	2019	2018	2017	2016
Contractually Required OPEB Contribution	$0	$0	$916	$1,755
OPEB Contributions in Relation to the Contractually Required Contribution	$0	$0	($916)	($1,755)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Authority Covered-Employee Payroll	$99,626	$94,643	$91,635	$87,728
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	1.00%	2.00%

See accompanying notes to the required supplementary information.

2015	2014	2013	2012	2011	2010
$1,563	$1,481	$695	$2,905	$2,389	$1,538
($1,563)	($1,481)	($695)	($2,905)	($2,389)	($1,538)
$0	$0	$0	$0	$0	$0
$78,155	$74,030	$69,455	$72,620	$59,734	$35,600
2.00%	2.00%	1.00%	4.00%	4.00%	4.32%

Net Pension Liability

Changes in Actuarial Assumptions and Methods - OPERS

In 2019, a change in assumptions included a reduction of the discount rate from 7.5 percent to 7.2 percent.

Net OPEB Liability

Changes in Actuarial Assumptions and Methods – OPERS

In 2019, changes in assumptions included a reduction of the investment rate of return from 6.50 percent to 6.00 percent, an increase in the municipal bond rate from 3.31 percent to 3.71 percent, resulting in an increase in the single discount rate from 3.85 percent to 3.96 percent.

Another change includes adjusting the health care cost trend rate from 7.5 percent initial, 3.25 percent ultimate in 2028 to 10.0 percent initial, 3.25 percent ultimate in 2029.

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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*

Ashtabula County Port Authority
Ashtabula County
35 West Jefferson Street
Jefferson, Ohio 44047

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Ashtabula County Port Authority, Ashtabula County, (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 26, 2021, wherein we noted the Authority is reporting a prior period adjustment to properly report their notes receivable balance.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

May 26, 2021

OHIO AUDITOR OF STATE
KEITH FABER

ASHTABULA COUNTY PORT AUTHORITY

ASHTABULA 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 6/8/2021

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