

***COLUMBIANA COUNTY PORT AUTHORITY***

**COLUMBIANA COUNTY, OHIO**

**REGULAR AUDIT**

**For the Years Ended December 31, 2020 and 2019**







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Board of Directors  
Columbiana County Port Authority  
7860 Lincole Place  
Lisbon, Ohio 44432

We have reviewed the *Independent Auditor's Report* of Columbiana County Port Authority, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

June 22, 2021

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**COLUMBIANA COUNTY PORT AUTHORITY**  
**COLUMBIANA COUNTY, OHIO**  
**Regular Audit**  
**For the years ended December 31, 2020 and 2019**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
Independent Auditor’s Report	1-3
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance (Regulatory Cash Basis) - General Fund - For the Year Ended December 31, 2020	4
Notes to the Financial Statements – For the Year Ended December 31, 2020	5-10
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance (Regulatory Cash Basis) - General Fund - For the Year Ended December 31, 2019	11
Notes to the Financial Statements – For the Year Ended December 31, 2019	12-17
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18-19
Schedule of Findings	20-23
Prepared by Management:	
Summary Schedule of Prior Audit Findings	24
Corrective Action Plan	25

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**INDEPENDENT AUDITOR'S REPORT**

Columbiana County Port Authority  
Columbiana County  
7860 Lincole Place  
Lisbon, Ohio 44432

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for the governmental fund type, and related notes of the Columbiana County Port Authority, Columbiana County, Ohio (the Port Authority), as of and for the years ended December 31, 2020 and 2019.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 Port Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Port 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 have obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Port Authority prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Port Authority does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Port Authority as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the governmental fund type, and related notes of the Columbiana County Port Authority, Columbiana County as of December 31, 2020 and 2019 for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matters***

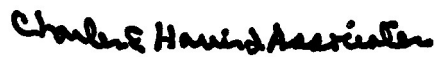
As discussed in Note 9 to the 2020 and 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Port Authority. We did not modify our opinions regarding this matter.

As discussed in Note 10 to the 2020 financial statements, the Port Authority made several changes to its reporting model. We did not modify our opinion regarding this matter.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2021, on our consideration of the Port Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Port Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port Authority's internal control over financial reporting and compliance.



*Charles E. Harris & Associates, Inc.*  
May 7, 2021

**COLUMBIANA COUNTY PORT AUTHORITY**  
**COLUMBIANA COUNTY, OHIO**  
**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCE (REGULATORY CASH BASIS) - GENERAL FUND**  
**For the Year Ended December 31, 2020**

	General
<b>Cash Receipts:</b>	
Rent	\$ 459,809
Utilities	86,996
Grants	64,375
Investment Income	80,721
Miscellaneous	173,540
	865,441
<i>Total Cash Receipts</i>	<i>865,441</i>
<b>Cash Disbursements:</b>	
Current:	
General Government	753,582
Other	64,375
Capital Outlay	58,025
Debt Service:	
Principal Retirement	125,717
Interest and Fiscal Charges	37,435
	1,039,134
<i>Total Cash Disbursements</i>	<i>1,039,134</i>
<i>Total Cash Receipts Over/(Under) Cash Disbursements</i>	<i>(173,693)</i>
<b>Other Financing Sources/(Uses):</b>	
Other Financing Uses	(423,000)
Other Financing Sources	21,000
	(402,000)
<i>Total Other Financing Sources/(Uses)</i>	<i>(402,000)</i>
<i>Net Change in Fund Cash Balance</i>	<i>(575,693)</i>
<i>Fund Balance, January 1, 2020</i>	<i>5,060,788</i>
<i>Fund Balance, December 31, 2020</i>	<i>\$ 4,485,095</i>

See accompanying Notes to the Financial Statements.

**Columbiana County Port Authority**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Columbiana County Port Authority (the “Port Authority”), Columbiana County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority is governed by a Board of Directors. Members of the Board are appointed by the Columbiana County Commissioners. The Port Authority provides the following services which are defined by Chapter 4582 of the Ohio Revised Code and which services include but are not limited to the power to purchase, construct, re-construct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities.

Columbiana County Commissioners have no authority regarding the day-to-day activities and business affairs of the Port Authority beyond the creation of the Port Authority and the appointment of its Board of Directors. Columbiana County maintains its own accounting functions, is a separate reporting entity, and its financial activity is not included within the financial statements of the Port Authority.

The general office of the Port Authority is located within the Village of Lisbon. These entities maintain their own accounting functions, are separate reporting entities, and their financial activities are not included within the financial statements of the Port Authority.

The Port Authority is a self-sufficient enterprise, which does not receive funding from Columbiana County, the Village of Lisbon, or the Village of Lisbon School District.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Port Authority’s financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis).

***Fund Accounting***

The Port Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Port Authority are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Port Authority for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**Columbiana County Port Authority**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Basis of Accounting (continued)***

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Port Authority Governing Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

***Encumbrances*** The Ohio Revised Code requires the Port Authority to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

***Deposits and Investments***

The Port Authority's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

The Port Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Columbiana County Port Authority**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Port Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Port Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Authority.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** The Port Authority can *commit* amounts via formal action (resolution). The Port Authority must adhere to these commitments unless the Port Authority amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***Unassigned*** – Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance.

The Port Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10

**Columbiana County Port Authority**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,087,719	\$ 886,441	\$ (201,278)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,820,929	\$ 1,467,036	\$ 353,893

**Note 4 – Deposits and Investments**

The Port Authority maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2020
Demand deposits	\$ 2,474,343
Certificates of deposit	2,010,752
Total deposits	\$ 4,485,095

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through 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.

**Note 5 – Risk Management**

***Commercial Insurance***

The Port Authority has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded this commercial coverage in any of the last three years. There has not been a significant reduction in this coverage from the prior year.

**Columbiana County Port Authority**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 6 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Port Authority contributed an amount equaling 14%, of participants’ gross salaries. The Port Authority has paid all contributions required through December 31, 2020.

**Note 7 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 8 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Farmers Bank Loan	\$ 458,290	5%
Crane Loan	313,517	3.49%
Total	\$ 771,807	

**Farmer’s Bank Loan**

In February of 2015, the Port Authority obtained a loan from Farmers National Bank of Canfield to consolidate the Fifth Third Loan and the Rural Industrial Loan. The total loan was \$3,007,000.

In October of 2018, the Port Authority restructured the terms of the loan with Farmers National Bank. The loan was paid down to \$600,000 with a maturity date of October 30, 2028. The Port Authority is required to make monthly installment payments of \$3,998 until the maturity date is met. Due to the Port Authority paying extra every month on the principal, there is no amortization schedule at this time.

**Crane Loan**

In 2015 the Port Authority began a new project at the Port’s Intermodal Facility located in Wellsville, Ohio. The Project was to install a new conveyor system and to purchase a new Mantsinen 120EF material handling crane which would assist in providing efficient transportation of raw materials to barges on the Ohio River System. The total cost of the project \$5,100,000 with \$3,500,000 was provided by the State via Logistic & Distribution Loan. The remaining balance will be paid by the Port Authority.

**Columbiana County Port Authority**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 8 – Debt (continued)**

The purchase price of the Crane was \$1,366,091 a down payment of \$800,000 was made in 2015; the Port then entered into a Lease with TCF Equipment for the balance of \$566,091. The term of the lease is for 120 months with a fixed rate of 3.49%. Monthly payments of \$5,640 began in February 2016. Due to the Port Authority paying extra every month on the principal, there is no amortization schedule at this time.

**Note 9 – COVID**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Port Authority. In addition, the impact on the Port Authority’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 10 – Fund Balance**

Included in fund balance are amounts the Port Authority cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	\$ 4,902

Outstanding encumbrances are considered assigned fund balance.

**Note 11 – Change in Accounting Principle**

For 2020, the Port Authority has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the statement of receipts, disbursements, and changes in fund balances (regulatory cash basis).

**Note 12 – Compliance**

Contrary to Ohio Revised Code section 5705.41(D), the Port Authority had 7% of tested disbursements that incurred prior to the approval of purchase orders.

**Note 13 – Loans Receivable**

In 2020, the Port Authority agreed to loan the Village of Leetonia \$423,000. The loan carries an interest rate of 2% and is expected to be paid back to the Port Authority by 2025.



**COLUMBIANA COUNTY PORT AUTHORITY  
COLUMBIANA COUNTY, OHIO  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCE (REGULATORY CASH BASIS) - GENERAL FUND  
For the Year Ended December 31, 2019**

	General
<b>Cash Receipts:</b>	
Rent	\$ 526,495
Utilities	55,053
Grants	55,121
Investment Income	115,831
Miscellaneous	88,490
	840,990
<i>Total Cash Receipts</i>	<i>840,990</i>
<b>Cash Disbursements:</b>	
Current:	
General Government	696,299
Other	55,121
Capital Outlay	41,256
Debt Service:	
Principal Retirement	120,094
Interest and Fiscal Charges	43,059
	955,829
<i>Total Cash Disbursements</i>	<i>955,829</i>
<i>Total Cash Receipts Over/(Under) Cash Disbursements</i>	<i>(114,839)</i>
<b>Other Financing Sources/(Uses):</b>	
Sale of Capital Assets	9,000
	9,000
<i>Net Change in Fund Cash Balance</i>	<i>(105,839)</i>
<i>Fund Balance, January 1, 2019</i>	<i>5,166,627</i>
<b>Fund Cash Balance December 31, 2019</b>	
Assigned	737,725
Unassigned	4,323,063
	4,323,063
<i>Fund Balance, December 31, 2019</i>	<i>\$ 5,060,788</i>

See accompanying Notes to the Financial Statements.

**Columbiana County Port Authority**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Columbiana County Port Authority, (the “Port Authority”), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority is governed by a Board of Directors. Members of the Board are appointed by the Columbiana County Commissioners. The Port Authority provides the following services which are defined by Chapter 4582 of the Ohio Revised Code and which services include but are not limited to the power to purchase, construct, re-construct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities.

Columbiana County Commissioners have no authority regarding the day-to-day activities and business affairs of the Port Authority beyond the creation of the Port Authority and the appointment of its Board of Directors. Columbiana County maintains its own accounting functions, is a separate reporting entity, and its financial activity is not included within the financial statements of the Port Authority.

The general office of the Port Authority is located within the Village of Lisbon. These entities maintain their own accounting functions, are separate reporting entities, and their financial activities are not included within the financial statements of the Port Authority.

The Port Authority is a self-sufficient enterprise, which does not receive funding from Columbiana County, the Village of Lisbon, or the Village of Lisbon School District.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Port Authority’s financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis).

***Fund Accounting***

The Port Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Port Authority are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Port Authority for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**Columbiana County Port Authority**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Basis of Accounting (continued)***

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Port Authority Governing Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Port Authority to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

The Port Authority's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

The Port Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Columbiana County Port Authority**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Port Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Port Authority classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** The Port Authority can commit amounts via formal action (resolution). The Port Authority must adhere to these commitments unless the Port Authority amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Port Authority, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes. The Port Authority may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance.

The Port Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Columbiana County Port Authority**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 785,891	\$ 849,990	\$ 64,099

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 973,322	\$ 960,344	\$ 12,978

**Note 4 – Deposits**

The Port Authority maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2019
Demand deposits	\$1,979,734
Certificates of deposit	3,081,054
Total deposits	\$5,060,788

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through 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.

**Note 5 – Risk Management**

***Commercial Insurance***

The Port Authority has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded this commercial coverage in any of the last three years. There has not been a significant reduction in this coverage from the prior year.

**Columbiana County Port Authority**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Port Authority contributed an amount equaling 14%, of participants’ gross salaries. The Port Authority has paid all contributions required through December 31, 2019.

**Note 7 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 8 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Farmers Bank Loan	\$ 528,729	5%
Crane Loan	368,628	3.49%
Total	\$ 897,357	

**Farmer’s Bank Loan**

In February of 2015, the Port Authority obtained a loan from Farmers National Bank of Canfield to consolidate the Fifth Third Loan and the Rural Industrial Loan. The total loan was \$3,007,000.

In October of 2018, the Port Authority restructured the terms of the loan with Farmers National Bank. The loan was paid down to \$600,000 with a maturity date of October 30, 2028. The Port Authority is required to make monthly installment payments of \$3,998 until the maturity date is met. There is no amortization schedule at this time.

**Crane Loan**

In 2015 the Port Authority began a new project at the Port’s Intermodal Facility located in Wellsville, Ohio. The Project was to install a new conveyor system and to purchase a new Mantsinen 120EF material handling crane which would assist in providing efficient transportation of raw materials to barges on the Ohio River System. The total cost of the project \$5,100,000 with \$3,500,000 was provided by the State via Logistic & Distribution Loan. The remaining balance will be paid by the Port Authority.

**Columbiana County Port Authority**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 8 – Debt (continued)**

The purchase price of the Crane was \$1,366,091 a down payment of \$800,000 was made in 2015; the Port then entered into a Lease with TCF Equipment for the balance of \$566,091. The term of the lease is for 120 months with a fixed rate of 3.49%. Monthly payments of \$5,640 began in February 2016. There is no amortization schedule at this time.

**Note 9 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Port Authority. The impact on the Port Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 10 – Compliance**

Contrary to Ohio Revised Code section 5705.41(D), the Port Authority had 40% of tested disbursements that incurred prior to the approval of purchase orders.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Columbiana County Port Authority  
Columbiana County  
7860 Lincole Place  
Lisbon, Ohio 44432

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for the governmental fund type as of and for the years ended December 31, 2020 and 2019 of the Columbiana County Port Authority, Columbiana County, Ohio (the Port Authority) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated May 7, 2021, wherein we noted the Port Authority followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Port Authority and several changes to its reporting model.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Port Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Port 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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Port Authority's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider item 2020-001 to be a material weakness.



***Compliance and Other Matters***

As part of reasonably assuring whether the Port 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 determination of financial statement amounts. 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2020-002.

***Entity's Responses to Findings***

The Port Authority's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the Port Authority's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
May 7, 2021

COLUMBIANA COUNTY PORT AUTHORITY  
COLUMBIANA COUNTY

Schedule of Findings  
December 31, 2020 and 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

**Finding Number 2020-001 – Material Weakness**

**Audit Adjustments and Reclassifications**

Our testing revealed several instances where errors were made with respect to the posting and reporting of various transactions, and the presentation of annual financial statements and notes. During 2020 and 2019, the more significant misclassifications were as follows:

- During 2020, \$459,809 in rental income was reported as miscellaneous revenue and \$86,996 in utility income was reported as miscellaneous revenue.
- During 2019, \$526,495 in rental income was reported as miscellaneous revenue and \$55,053 in utility income was reported as miscellaneous revenue.
- During 2020, \$2,000,000 in CD's were recorded as a special item revenue in the Special Revenue Fund and a General Government expenditure in the General Fund when it should have not been recorded at all since the Port Authority was transferring money as an investment.
- During 2020 and 2019, a pass-through grant of \$64,375 and \$55,121 respectively, was classified as Intergovernmental in the Capital Project Fund and should have been classified as Intergovernmental in the General Fund. The expense for the pass-through was recorded as Other Financing Uses and should have been recorded as Other Expenses.
- During 2020, the Port Authority recorded a \$21,000 loan principal payment to the Port Authority as Loans Issued when it should have been recorded as Other Financing Sources.
- During 2020, \$423,000 in the Capital Project Fund for loans issued was adjusted to General Fund – Other Financing Uses. The corresponding Transfers In/Out were eliminated.
- In 2019, the Port Authority did not properly classify General Fund subsequent year appropriations exceeding estimated receipts as assigned fund balance in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54.

The accompanying financial statements and the Port Authority's records have been adjusted to properly reflect these transactions. Various other immaterial posting errors were also noted and brought to the attention of management.

Sound financial reporting is the responsibility of the Port Authority and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Port Authority adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Uniform Accounting Network manual and other Auditor of State guidance and templates to aid in properly identifying account classifications and preparing annual financial statements.

COLUMBIANA COUNTY PORT AUTHORITY  
COLUMBIANA COUNTY

Schedule of Findings - Continued  
December 31, 2020 and 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - CONTINUED
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**Finding Number 2020-001 – Material Weakness (continued)**

**Managements' Response:**

See Corrective Action Plan

**Finding Number 2020-002 – Noncompliance**

**Restrictions on Appropriating and Expending Money**

Ohio Rev. Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D) (1) and 5705.41 (D) (3), respectively, of the Ohio Revised Code.

1. **Then and Now Certificate:** If the fiscal officer can certify both at the time that the contract or order was made "then" at the time that the fiscal officer is completing the certification "now", sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Port Authority.

2. **Blanket Certificate:** Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

COLUMBIANA COUNTY PORT AUTHORITY  
COLUMBIANA COUNTY

Schedule of Findings - Continued  
December 31, 2020 and 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - CONTINUED
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**Finding Number 2020-002 – Noncompliance (continued)**

3. Super Blanket Certificate: The Port Authority may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

In 2019 and 2020, 40% and 7% of expenditures tested had an invoice date that was prior to the issuance of a purchase order and a “then and now” was not issued. Incurring obligations prior to the fiscal officer’s certification could result in the Port Authority spending more than appropriated.

Unless the exception noted above is used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Port Authority’s funds exceeding budgetary spending limitations, the fiscal officer should certify funds are or will be available prior to obligation by the Port Authority. When prior certification is not possible, “then and now” certification should be used.

**Managements’ Response:**

See Corrective Action Plan

COLUMBIANA COUNTY PORT AUTHORITY  
 COLUMBIANA COUNTY, OHIO  
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management  
 December 31, 2020 and 2019

FINDING NUMBER	FUNDING SUMMARY	STATUS?	ADDITIONAL INFORMATION
2018-001	Noncompliance - Expenditures in Excess of Appropriations	Corrected	N/A
2018-002	Material Weakness – Posting of Authorized Budgetary Measures	Not Corrected	
2018-003	Material Weakness – Financial Statement Presentation	Not Corrected	
2018-004	Noncompliance – Restrictions on Appropriating and Expending Money	Not Corrected	

COLUMBIANA COUNTY PORT AUTHORITY  
COLUMBIANA COUNTY

CORRECTIVE ACTION PLAN – Prepared by Management  
December 31, 2020 and 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	<ul style="list-style-type: none"> <li>• The Port Authority will follow the recommendation of Charles E Harris &amp; Associates, Inc and at the end of the year we will opt out of the Hinkle Systems automatic filing, instead we will contract with a CPA and Government Consultant firm to file the report on our behalf, we believe that this will satisfy this finding moving forward</li> </ul>	Immediately	Penny Traina, Chief Executive Officer
2020-002	<ul style="list-style-type: none"> <li>• The Port Authority has drastically improved in this area and we will continue to make this a focus moving forward</li> </ul>	Immediately	Penny Traina, Chief Executive Officer

# OHIO AUDITOR OF STATE KEITH FABER



**COLUMBIANA COUNTY PORT AUTHORITY**

**COLUMBIANA 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 7/6/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)