OHIO AUDITOR OF STATE
KEITH FABER

SOUTHERN OHIO PORT AUTHORITY
SCIOTO COUNTY

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SCIOTO COUNTY

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Southern Ohio Port Authority
Scioto County
602 Seventh Street, Room 310
Portsmouth, Ohio 45662

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of the Southern Ohio Port Authority, Scioto 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, which collectively comprise the Port 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 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 obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the major fund, and the aggregate remaining fund information of the Port Authority, as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the 2019 financial statements, the Port Authority corrected an overstatement for unearned revenue reported in past years. Also, as discussed in Note 12 to the 2020 and 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Port Authority. We did not modify our opinion regarding these matters.

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 October 29, 2021, on our consideration of the Port 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 Port Authority's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio
October 29, 2021

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

Financial Highlights

Key financial highlights for 2020 are as follows:

- Total assets decreased $20,427, or 2%, between 2019 and 2020. Total liabilities decreased $103,498, or 100%, between 2019 and 2020. Total net position increased $160,641, or 19%, between 2019 and 2020.
- Total operating revenues increased $124,046, or 87%, between 2019 and 2020. Total operating expenses decreased $71,511, or 84%, between 2019 and 2020.

Using This Annual Financial Report

This financial report contains the basic financial statements of the Port Authority, as well as the management's discussion and analysis, notes to the basic financial statements, and other required supplementary information. The basic financial statements include a statement of net position, statement of revenues, expenses, and changes in net position, and a statement of cash flows. As the Port Authority reports most of its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information is the same. The Port Authority also maintains one custodial fund which is used to account for grant activity related to the JEDISO program. This fund's activities are reported in a separate statement of changes in fiduciary net position and are excluded from the other activities of the Port Authority because these assets cannot be used to finance the Port Authority's operations. The custodial fund uses the accrual basis of accounting.

Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position

The statement of net position and the statement of revenues, expenses, and changes in net position include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as applicable, using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Port Authority's net position and changes in net position. This change in net position is important because it tells the reader, for the Port Authority as a whole, whether the financial position has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the availability of revolving line of credit funds, the condition of assets held for resale, and other factors.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Recall that the statement of net position provides the perspective of the Port Authority as a whole. Table 1 provides a summary of the Port Authority's net position as of December 31, 2020 and 2019.

Table 1
Net Position

	2020	2019
Assets		
Current and Other Assets	$142,826	$93,633
Capital Assets	928,510	998,130
Total Assets	1,071,336	1,091,763
Liabilities		
Current and Other Liabilities	0	8,264
Long-Term Liabilities	0	95,234
Total Liabilities	0	103,498
Deferred Inflows of Resources	61,161	138,731
Net Position		
Net Investment in Capital Assets	928,510	902,896
Restricted	20,000	0
Unrestricted (Deficit)	61,665	(53,362)
Total Net Position	$1,010,175	$849,534

Current and other assets increased significantly due to an increase in cash balances. The Port Authority had unspent grant funds on hand at year-end due to delays with grantors and vendors related to COVID-19. The Port Authority also disposed of properties held for resale during the year. Capital assets decreased between years due to disposals during the year. Current and other liabilities decreased due to the previously mentioned delays resulting in no significant obligations outstanding at year-end. Long-term liabilities decreased due to the Port Authority's repayment of the outstanding loan due to Scioto County. Deferred inflows of resources decreased due to the change in proportionate share as the Port Authority had no employees during the year of measurement of the retirement system. This deferred inflow will amortize over the next year as discussed in the notes to the financial statements.

Table 2 shows the changes in net position for the years ended December 31, 2020 and 2019.

Table 2
Changes in Net Position

	2020	2019
Operating Revenues		
Government Grants and Contributions	$135,760	$141,021
Individual and Corporate Contributions	128,107	0
Rental Income	2,400	0
Miscellaneous	0	1,200
Total Operating Revenues	266,267	142,221
Operating Expenses		
Employee Costs	(77,570)	(79,026)
Professional Fees	85,602	154,957
Property Management	5,318	2,739
Registration Fees and Dues	300	300
Rent	0	80
Service Fees-Bank	111	115
Supplies and Fees	0	107
Donation	0	6,000
Total Operating Expenses	13,761	85,272
Net Nonoperating Revenues (Expenses)	(91,865)	257
Change in Net Position	160,641	57,206
Net Position, Beginning of Year	849,534	792,328
Net Position, End of Year	$1,010,175	$849,534

Operating revenues increased significantly between years due to individual and corporate contributions received during the year. Operating expenses decreased due to a decrease in professional fees. Nonoperating expenses increased between years due to a loss recognized for sale of properties for the year.

Capital Assets and Long-Term Debt

Capital Assets

The Port Authority had nondepreciable assets at December 31, 2020 valued at $928,510. This balance decreased from the prior year as the Port Authority contributed one of its properties to the Scioto County Land Reutilization to begin a Brownfield remediation project. This balance is further discussed in note 3 of the notes to the basic financial statements.

Long-Term Liabilities

The Port Authority held one loan payable with Scioto County at December 31, 2019, which was repaid in full in 2020. This loan is further discussed in note 4 of the notes to the basic financial statements.

Known Facts, Decisions, and Conditions

The Port Authority Board has seven seats. Currently, six are filled and one is vacant. The Port Authority is waiting on appointment from the County Commissioners to fill this vacancy. All members are voluntary members. The Port Authority has no paid or salaried employees. The Port Authority continues to undertake bonding, land deals, property acquisitions, and building and owning facilities with private companies for tax incentives to encourage them to locate in Scioto County. It continues to be a tool for the Economic Development Department to use to encourage growth when applicable. All of the above will also be sources of revenue to keep the Port Authority viable. The Port Authority closed on a bond deal with PureCycle for a total of $249,550,000. The Port Authority issued bonds of $6,160,000 for a Spec Building at the SOAR Business Park. The Port Authority is still considering some PACE financing in the near future. With the above in place, the Port Authority is still in a great position to continue and remain viable for years to come.

Contacting the Port Authority's Financial Management

This financial report is designed to provide a general overview of the Port Authority's finances for all parties with an interest in the Port Authority's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Robert Horton, Board Chair, 602 Seventh Street, Room 310, Portsmouth, Ohio 45662.

Southern Ohio Port Authority
Scioto County
Statement of Net Position
Proprietary Fund
As of December 31, 2020

Assets	
Current Assets	
Cash and Cash Equivalents	$119,536
Property for Resale	23,290
Total Current Assets	142,826
Noncurrent Assets	
Nondepreciable Capital Assets	928,510
Total Noncurrent Assets	928,510
Total Assets	1,071,336
Deferred Inflows of Resources	
Pension	37,091
OPEB	24,070
Total Deferred Inflows of Resources	61,161
Net Position	
Net Investment in Capital Assets	928,510
Restricted for Grants	20,000
Unrestricted	61,665
Total Net Position	$1,010,175

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2020

Operating Revenue	
Government Grants and Contributions	$135,760
Individual and Corporate Contributions	128,107
Rental Income	2,400
Total Operating Revenue	266,267
Operating Expenses	
Employee Costs	
PERS Employer Contributions	(77,570)
Total Employee Costs	(77,570)
Professional Fees	85,602
Property Management	5,318
Registration Fees and Dues	300
Service Fees-Bank	111
Total Operating Expenses	13,761
Operating Income	252,506
Nonoperating Revenues (Expenses)	
Interest Income	223
Loss on Disposal of Property	(92,088)
Total Nonoperating Revenues (Expenses)	(91,865)
Change in Net Position	160,641
Net Position-Beginning of Year	849,534
Net Position-End of Year	$1,010,175

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2020

Cash Flows from Operating Activities	
Cash from Grants and Contributions	$260,257
Cash from Rent	2,400
Cash Payments for Goods and Services	(99,595)
Net Cash Provided by Operating Activities	163,062
Cash Flows from Investing Activities	
Cash from Investment Earnings	223
Cash from Property Sales	3,402
Net Cash Provided by Investing Activities	3,625
Cash Flows from Financing Activities	
Cash Payments for Principal	(95,234)
Cash Flows Used by Financing Activities	(95,234)
Net Change in Cash and Cash Equivalents	71,453
Cash and Cash Equivalents-Beginning of Year	48,083
Cash and Cash Equivalents-End of Year	$119,536
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$252,506
Contribution Recognized for Donated Property	(3,610)
Changes in Liabilities and Deferred Inflows:	
Decrease in Accounts Payable	(8,264)
Decrease in Deferred Inflows of Resources	(77,570)
Net Cash Provided by Operating Activities	$163,062

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2020

	Custodial
Additions	
Intergovernmental	$414,550
Total Additions	414,550
Deductions	
Distributions to Others	414,550
Total Deductions	414,550
Change in Net Position	0
Net Position-Beginning of Year	0
Net Position-End of Year	$0

See accompanying notes to the basic financial statements.

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of the Southern Ohio Port Authority (the Port Authority) is presented to assist in understanding the Port Authority's financial statements. The financial statements and notes are representations of the Port Authority's management and board who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles for governmental agencies including those principles prescribed by the Governmental Accounting Standard Board (GASB), the American Institute of Certified Public Accountants in the Publication entitled "Audits of States, Local Governments, and Not-For-Profit Organizations Receiving Federal Awards," and by the Financial Accounting Standards Board (FASB), when applicable. The above policies have been consistently applied in the preparation of the financial statements.

Reporting Entity

The Southern Ohio Port Authority, Scioto County, 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 pursuant to the authority of Section 4582.02 of the Ohio Revised Code. The Port Authority is governed by a seven-member Board of Directors. Members of the Board are appointed by the Scioto County Commissioners. The purpose of the Port Authority is to be involved in the activities that enhance foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Scioto County. The Port Authority is statutorily created as a separate and distinct political subdivision of the State. Scioto 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. Scioto 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. However, the Port Authority is considered to be a component unit of Scioto County by virtue of the fact that the Board is appointed by the County Commissioners. Also, the Port Authority is operated by its Director and its Treasurer and they are both employees of Scioto County. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Port Authority consists of its general operating fund. Component units are legally separate organizations for which the Port Authority is financially accountable. The Port Authority is financially accountable for an organization if the Port Authority appoints a voting majority of the organization's governing board and (1) the Port Authority is able to significantly influence the programs or services performed or provided by the organizations, or (2) the Port Authority is legally entitled to or can otherwise access the organization's resources; the Port Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits or to provide financial support to the organizations; or the Port Authority is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent of the Port Authority if the Port Authority approves the budget, the issuance of debt, or the levying of taxes. The Port Authority has no component units. The Port Authority's management believes these financial statements present all activities for which the Port Authority is financially accountable. The Port Authority was formed on September 22, 1983.

Basis of Accounting

The financial statements of the Port Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body of establishing governmental accounting and financial reporting principles. The Port Authority's financial statements consist of a statement of net position, a statement of revenue, expenses, and changes in net position, and a statement of cash flows. The Port Authority uses a single enterprise 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. Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resource measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Port Authority are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Port Authority finances and meets the cash flow needs of its enterprise activity.

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. There are three categories of funds: governmental, proprietary, and fiduciary. The Port Authority does not have any governmental funds.

<u>Proprietary Funds</u>

Proprietary fund reporting focuses on changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The Port Authority maintains an enterprise fund, a proprietary fund type, which is the general operating fund and is used to account for all financial resources of the Port Authority. This fund is used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Port Authority has no internal service funds.

<u>Fiduciary Funds</u>

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the Port Authority under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Port Authority's own programs. The Port Authority has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Port Authority's only fiduciary fund is a custodial fund, which is used to account for grant activities originating from an organization known as the Joint Economic Development Initiative of Southern Ohio (JEDISO) program.

Budgetary Process

Ohio Revised Code Section 4582.13 requires the Port Authority to annually prepare a budget. No further approvals or actions are required under Section 4582 of the Ohio Revised Code.

Cash, Cash Equivalents and Investments

The Ohio Revised Code prescribes allowable deposits and investments. For purposes of the statement of cash flows, the Port Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Port Authority invests in a nonnegotiable certificate of deposits with a local financial institute. This investment is reported at cost.

Capital Assets

Capital assets utilized by the Port Authority are reported on the statement of net position. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are reported at their acquisition values as of the date received. The Port Authority maintains a capitalization threshold of five thousand dollars. Improvements are capitalized, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life or not. The Port Authority only owns land. Therefore, the Port Authority has not established useful lives or a depreciation method.

Property Held for Resale

Property held for resale represent properties purchased by or donated to the Port Authority. These properties are held with the intention to sell. These properties are valued based upon the purchase price or tax valuation if no cost was incurred.

Net Position

Net position represents the difference between assets and deferred outflows of resources and 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 borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Port Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Port Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The Port Authority's restricted net position consisted of amounts restricted per grant agreements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Port Authority, these revenues are contributions received from public and private donors and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Port Authority. Revenues and expenses not meeting these definitions are reported as nonoperating.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Port Authority has no deferred outflows of resources related to pensions and OPEB in 2020; however, this is further discussed in notes 5 and 6.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Port Authority has deferred inflows of resources related to pensions and OPEB, which will be further discussed in notes 5 and 6.

Pensions/OPEB

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

Note 2 – Deposits and Investments

Active deposits are public deposits necessary to meet current demands on the Treasury. Such monies must be maintained either as cash in the Port Authority Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that the Board of Trustees 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 represent interim monies that 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 account including passbook accounts. Interim monies can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Protection of the Port 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 Port Authority 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.

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. Investments must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Port 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 a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk is the risk that in the event of a bank failure, the Port Authority's deposits may not be returned to it. The Port Authority's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. At December 31, 2020, the bank balance of the Port Authority's deposits was $207,336, which was covered by federal depository insurance.

The Port Authority had no investments in 2020.

Note 3 – Capital Assets

Capital assets activity for the year ended December 31, 2020 was as follows:

	Balance at 12/31/19	Additions	Deletions	Balance at 12/31/20
Nondepreciable Capital Assets:				
Land	$998,130	$0	($69,620)	$928,510

Note 4 – Loan Payable

	Balance at 12/31/19	Additions	Deletions	Balance at 12/31/20
Scioto County	$95,234	$0	($95,234)	$0

The Scioto County loan was secured by real estate and payment is due on demand of sale of real estate. The loan was repaid in full during 2020.

Note 5 – Defined Benefit Pension Plan

Net Pension Liability

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 Port Authority's pension costs relate to prior activity and amortizations when it had employees.

The net pension liability represents the Port Authority's proportionate share of the pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the 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 others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Port Authority's obligation for this liability to annually required payments. The Port Authority cannot control benefit terms or the manner in which pensions are financed; however, the Port 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). The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement system to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the retirement system'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 Ohio Revised Code permits, but does not require, the retirement system to provide health care to eligible benefit recipients.

The proportionate share of the plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on the financial statements. The Port Authority did not report an intergovernmental payable as of December 31, 2020 related to contributions.

Ohio Public Employees Retirement System (OPERS)

Plan Description – Port Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension 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/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 www.opers.org , 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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
Traditional Plan 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	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% service for the first 30 years and 2.5%	**Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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 traditional plan 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. Members retiring under the combined plan receive a cost–of–living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee*	10.0 %
Actual Contribution Rates	
Employer:	
Pension**	14.0 %
Post-employment Health Care Benefits**	0.0
Total Employer	14.0 %
Employee	10.0 %

*Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Port Authority's contractually required contribution was $0 for 2020 as there were no employees in 2020.

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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Authority's proportion of the net pension liability was based on the Port Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the Port Authority's defined benefits pension plan and pension expense:

Proportionate Share of the Net Pension Liability:	
Current Measurement Date	0.00000000%
Prior Measurement Date	0.00000000%
Change in Proportionate Share	0.00000000%
Proportionate Share of the:	
Pension Expense	($50,081)

The Port Authority had no employees during the year ended December 31, 2019, which is the period upon which the current year proportionate share was measured. As such, the Port Authority reported no net pension liability or deferred outflows or inflows related to differences between expected and actual experience, changes in assumptions, or net difference between projected and actual earnings on pension plan investments for the year ended December 31, 2020.

At December 31, 2020, the Port Authority reported deferred inflows of resources related to pensions from the following sources:

Deferred Inflows of Resources	
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	$37,091
Total Deferred Inflows of Resources	$37,091

$0 reported as deferred outflows of resources related to pension resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2021	($37,091)
Total	($37,091)

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values 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, 2019 using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019 are presented below.

	2019	2018
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-1/7/2013 retirees	3 percent, simple	3 percent, simple
Post-1/7/2013 retirees	1.4 percent, simple through 2020, then 2.15% simple	3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	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 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 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 2019, 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 was 17.2 percent for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees 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 table below displays the Board-approved asset allocation policy for 2019 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	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent. 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 contractually 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 benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Port Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The Port Authority's proportionate share of the net pension liability is calculated using the current period discount rate assumption of 7.2 percent, as well as what the Port 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. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2019.

Note 6 – Defined Benefit OPEB Plan

Net OPEB Liability

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 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred. The Port Authority's OPEB costs relate to prior activity and amortizations when it had employees.

The net OPEB liability represents the Port Authority's proportionate share of the OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the 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 and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 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 retirement systems to provide healthcare 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 system may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of the plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on the financial statements. The Port Authority did not report an intergovernmental payable as of December 31, 2020 related to contributions.

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (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 the 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 with a minimum age of 60, or generally 30 years of qualifying service at any age. 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 Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code 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 Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting www.opers.org,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 Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. 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 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's contractually required contribution was $0 for 2020.

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Port Authority's proportion of the net OPEB liability was based on the Port Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

Proportionate Share of the Net OPEB Liability:	
Current Measurement Date	0.000000%
Prior Measurement Date	0.000000%
Change in Proportionate Share	0.0000000%
Proportionate Share of the:	
OPEB Expense	($27,489)

The Port Authority had no employees during the year ended December 31, 2019, which is the period upon which the current year proportionate share was measured. As such, the Port Authority reported no net OPEB liability or deferred outflows or inflows related to differences between expected and actual experience, changes in assumptions, or net difference between projected and actual earnings on OPEB plan investments for the year ended December 31, 2020.

At December 31, 2020, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources	
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	$24,070
Total Deferred Inflows of Resources	$24,070

$0 reported as deferred outflows of resources related to OPEB resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:		
	2021	($23,370)
	2022	(700)
Total		($24,070)

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values 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 and include the types of coverage 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, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	2019	2018
Wage Inflation	3.25 percent	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	3.16 percent	3.96 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	2.75 percent	3.71 percent
Health Care Cost Trend Rate	10.50 percent, initial 3.50 percent, ultimate in 2030	10.00 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age	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 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 most recent experience study was completed for the five year period ended December 31, 2015.

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 2019, 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 was 19.7 percent for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees 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 the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 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	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. 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 6.00 percent and a municipal bond rate of 2.75 percent for the year ended December 31, 2019. This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent for the year ended December 31, 2018. 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 health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Port Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The Port Authority's proportionate share of the net OPEB liability is calculated using the single discount rate of 3.16 percent, as well as what the Port Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher

(4.16 percent) than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2019.

Sensitivity of the Port Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The net OPEB liability is 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. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2019.

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 2020 is 10.5 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 3.5 percent in the most recent valuation.

Note 7 – Related Party Transactions

The Port Authority owed $95,234 to Scioto County at December 31, 2019. This loan was repaid in full in 2020.

Note 8 – Concentration of Credit Risk

The Port Authority's primary assets consist of land, buildings, rail facilities and river dock located in Portsmouth, Ohio. The Port Authority's primary source of income was contributions. The purpose of the Port Authority's sale of industrial property is to promote the creation of industrial related jobs in Scioto County and property sales are typically made at below cost. The Port Authority has been totally dependent on outside contributions for its continued existence.

Note 9 - Contingencies

Environmental

The Port Authority has no known outstanding environmental issues as of the date of this report. The Port Authority has an agreement with Ohio EPA in which the Port Authority performs environmental inspections and corrects resulting problems on Brownfield property at the time the title is transferred to a prospective buyer in return for the Ohio EPA's covenant not to sue and becoming a part of the deed transferred to the buyer.

Grants

The Port Authority received financial assistance from governmental agencies in the form of grants. The expenditure 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 could become a liability of the Port Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Port Authority at December 31, 2020.

Litigation

The Port Authority is not currently party to legal proceedings.

Note 10 – Risk Management

The Port Authority is included in Scioto County's County Risk Sharing Authority Joint Self Insurance Pool formed under Ohio Revised Code Section 2744. It provided for the following: comprehensive property and general liability coverage; vehicles; and errors and omissions. During 2020, the Port Authority had no settlements that exceeded insurance coverage in any of the past three years. There were also no significant changes in coverage from the prior year.

Note 11 – Conduit Debt Obligations

In order to provide financial assistance to private sector entities for the acquisition and construction of commercial and industrial facilities deemed to be in the public interest, the Port Authority, has from time to time, issued conduit debt. This debt is secured by the property financed and is payable solely from payments received on the underlying mortgage loans.

Ownership of the acquired facilities transfers to the private sector entity served by the bond issuance upon repayment of the bonds. The Port Authority, the State, nor any other political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the conduit debt is not reported as liabilities in the accompanying financial statements.

As of December 31, 2020, there was one conduit debt outstanding, that was originally filed for $10,000,000. The Educational Facilities Development Revenue Bond is still outstanding but is currently being paid by the Clark Foundation. To assist the private sector in acquiring and constructing facilities deemed to be in the public interest, the Port Authority issued $10 million in industrial revenue bonds on May 8, 2008. Mortgages on the facilities secure the bonds. The bonds are payable solely from payments received on the underlying mortgage loans. Neither the Port Authority, the State, nor any other political subdivision is obligated in any manner for paying the bonds.

There was a second conduit debt outstanding that was issued in 2013 on behalf of Scioto County. The original issuance was for Economic Development Facilities Refunding Revenue Bonds in the amount of $1,815,000. As of December 31, 2020, the outstanding balance of this debt reported by Scioto County was $845,000.

There was a third conduit debt outstanding that was issued in 2020 on behalf of PureCycle Technologies. The original issuance was for Exempt Facility Revenue Bonds in the amount of $249,550,000. As of December 31, 2020, the outstanding balance of this debt was $249,550,000.

Note 12 – COVID-19

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 continuing emergency measures may impact subsequent periods of the Port Authority. The Port Authority's investment portfolio and investments of the pension and other employee benefit plan in which the Port Authority participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Port Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. The Port Authority did not receive any CARES Act monies during 2020.

Note 13 – Subsequent Event

The Port Authority issued $6,100,000 of Taxable Special Obligation Revenue Bonds in June 2021. The proceeds of the bonds were to be used to fund a portion of the costs of construction of an approximately 44,000 square-foot logistics building, certain roadway and public infrastructure improvements, and certain related costs including design, engineering, construction, equipping, improving, installation and inspection at the Great Portsmouth Regional Airport.

Southern Ohio Port Authority
Scioto County
Required Supplementary Information
Schedule of the Port Authority's Proportionate Share of the Net Pension Liability
Last Seven Years (1)

	2014	2015	2016	2017	2018	2019	2020
Ohio Public Employees Retirement System							
Port Authority's proportion of the net pension liability	0.000000%	0.000571%	0.000881%	0.000853%	0.000687%	0.000000%	0.000000%
Port Authority's proportionate share of the net pension liability	$0	$68,869	$152,600	$193,702	$107,777	$0	$0
Port Authority's covered-employee payroll	$0	$81,667	$109,692	$110,325	$90,769	$0	$0
Port Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	84.33%	139.12%	175.57%	118.74%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%	84.85%	74.70%	82.17%

The amounts presented for each year were determined as of December 31 of the previous year, which is the Port Authority's measurement date.
(1) Information not available prior to 2014.
See the accompanying notes to the required supplementary information.

Southern Ohio Port Authority
Scioto County
Required Supplementary Information
Schedule of the Port Authority's Proportionate Share of the Net OPEB Liability
Last Four Years (1)

	2017	2018	2019	2020
Ohio Public Employees Retirement System				
Port Authority's proportion of the net OPEB liability	0.00077784%	0.00064000%	0.00000000%	0.00000000%
Port Authority's proportionate share of the net OPEB liability	$78,564	$69,499	$0	$0
Port Authority's covered-employee payroll	$110,325	$90,769	$0	$0
Port Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	71.21%	76.57%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	54.05%	54.14%	46.33%	47.80%

The amounts presented for each year were determined as of December 31 of the previous year, which is the Port Authority's measurement date.

(1) Information not available prior to 2017.
See the accompanying notes to the required supplementary information.

Southern Ohio Port Authority
Scioto County
Required Supplementary Information
Schedule of the Port Authority's Contributions
Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ohio Public Employees Retirement System										
Contractually required contribution (pension)	$0	$0	$0	$9,800	$13,163	$13,239	$11,800	$0	$0	$0
Contractually required contribution (OPEB)	0	0	0	1,633	2,194	2,207	908	0	0	0
Contractually required contribution (total)	0	0	0	11,433	15,357	15,446	12,708	0	0	0
Contributions in relation to the contractually required contribution	0	0	0	11,433	15,357	15,446	12,708	0	0	0
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Port Authority's covered-employee payroll	$0	$0	$0	$81,667	$109,692	$110,325	$90,769	$0	$0	$0
Contributions as a percentage of covered-employee payroll (pension)	0.00%	0.00%	0.00%	12.00%	12.00%	12.00%	13.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll (OPEB)	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	1.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll (total)	0.00%	0.00%	0.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See the accompanying notes to the required supplementary information.

Ohio Public Employees Retirement System

Pension

Changes in assumptions

Amounts reported beginning in 2020 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used from 2019, 2017 to 2018, and from 2016 and prior are presented below:

	2020	2019
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent	3.25 to 10.75 percent
COLA or Ad Hoc COLA:		
Pre-1/7/13 retirees	3 percent, simple	3 percent, simple
Post-1/7/13 retirees	1.4 percent, simple through 2020, then 2.15% simple	3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

	2017-2018	2016 and before
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent	4.25 to 10.05 percent
COLA or Ad Hoc COLA:		
Pre-1/7/13 retirees	3 percent, simple	3 percent, simple
Post-1/7/13 retirees	3 percent, simple through 2018, then 2.15% simple	3 percent, simple through 2018, then 2.8% simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

OPEB

Changes in assumptions

	2020	2019
Wage Inflation	3.25 percent	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	3.16 percent	3.96 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	2.75 percent	3.71 percent
Health Care Cost Trend Rate	10.50 percent, initial 3.50 percent, ultimate in 2030	10.00 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

	2018	2017
Wage Inflation	3.25 percent	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	3.85 percent	4.23 percent
Investment Rate of Return	6.50 percent	6.50 percent
Municipal Bond Rate	3.31 percent	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

Financial Highlights

Key financial highlights for 2019 are as follows:

- Total assets decreased $13,556, or 1%, between 2019 and 2018. Total liabilities decreased $169,012, or 62%, between 2019 and 2018. Total net position increased $57,206, or 7%, between 2019 and 2018.
- Total operating revenues increased $133,103, or 1,460%, between 2019 and 2018. Total operating expenses increased $46,634, or 121%, between 2019 and 2018.

Using This Annual Financial Report

This financial report contains the basic financial statements of the Port Authority, as well as the management's discussion and analysis, notes to the basic financial statements, and other required supplementary information. The basic financial statements include a statement of net position, statement of revenues, expenses, and changes in net position, and a statement of cash flows. As the Port Authority reports most of its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information is the same. The Port Authority also maintains one custodial fund which is used to account for grant activity related to the JEDISO program. This fund's activities are reported in a separate statement of changes in fiduciary net position and are excluded from the other activities of the Port Authority because these assets cannot be used to finance the Port Authority's operations. The custodial fund uses the accrual basis of accounting.

Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position

The statement of net position and the statement of revenues, expenses, and changes in net position include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Port Authority's net position and changes in net position. This change in net position is important because it tells the reader, for the Port Authority as a whole, whether the financial position has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the availability of revolving line of credit funds, the condition of assets held for resale, and other factors.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Recall that the statement of net position provides the perspective of the Port Authority as a whole. Table 1 provides a summary of the Port Authority's net position as of December 31, 2019 and 2018.

Table 1
Net Position

	2019	2018*
Assets		
Current and Other Assets	$93,633	$107,189
Capital Assets	998,130	998,130
Total Assets	1,091,763	1,105,319
Deferred Outflows of Resources	0	18,105
Liabilities		
Current and Other Liabilities	8,264	0
Long-Term Liabilities	95,234	272,510
Total Liabilities	103,498	272,510
Deferred Inflows of Resources	138,731	58,586
Net Position		
Net Investment in Capital Assets	902,896	902,896
Unrestricted (Deficit)	(53,362)	(110,568)
Total Net Position	$849,534	$792,328

*Reclassifications were made for consistency of reporting between years. Balances were also restated as discussed in note 13 of the notes to the basic financial statements.

Current and other assets decreased significantly due to a decrease in cash balances and grants receivable. Capital assets did not change as there were no additions or disposals during the year. Deferred outflows of resources decreased due to a change in the Port Authority's proportionate share of the retirement system's activity. Its share reduced to zero since the Port Authority had no employees in 2018, which is the measurement period on which 2019 activity was computed. Current and other liabilities increased significantly due to the increase in accounts payable. Long-term liabilities decreased due to a reduction in the Port Authority's proportionate share of net pension and OPEB liabilities to zero. Deferred inflows of resources increased due to the change in proportionate share noted above. This deferred inflow will amortize over the next two years as discussed in the notes to the financial statements.

Table 2 shows the changes in net position for the years ended December 31, 2019 and 2018.

Table 2
Changes in Net Position

	2019	2018*
Operating Revenues		
Government Contributions	$141,021	$8,979
Miscellaneous	1,200	139
Total Operating Revenues	142,221	9,118
Operating Expenses		
Employee Costs	(79,026)	14,507
Marketing	0	325
Professional Fees	154,957	13,369
Property Management	2,739	6,469
Registration Fees and Dues	300	300
Rent	80	0
Service Fees-Bank	115	105
Special Projects	0	3,000
Supplies and Fees	107	563
Donation	6,000	0
Total Operating Expenses	85,272	38,638
Net Nonoperating Revenues (Expenses)	257	(1,582)
Change in Net Position	57,206	(31,102)
Net Position, Beginning of Year	792,328	823,430
Net Position, End of Year	$849,534	$792,328

*Balances were also restated as discussed in note 13 of the notes to the basic financial statements.

Operating revenues increased significantly between years due to additional governmental grants for new programs or continuing programs with significantly increased activity between years. Operating expenses also increased related to these grants, due significantly to project costs and professional fees. Nonoperating expenses decreased between years due to a loss recognized for sale of properties in the prior year.

Capital Assets and Long-Term Debt

Capital Assets

The Port Authority had nondepreciable assets at December 31, 2019 valued at $998,130. This balance did not change from the prior year as there were no additions or disposals of any properties. This balance is further discussed in note 3 of the notes to the basic financial statements.

Long-Term Liabilities

The Port Authority held one loan payable with Scioto County, which is further discussed in note 4 of the notes to the basic financial statements.

Known Facts, Decisions, and Conditions

The Port Authority continues to undertake bonding, land deals, property acquisitions, and building and owning facilities with private companies for tax incentives to encourage them to locate in Scioto County. It continues to be a tool for the Economic Development Department to use to encourage growth when applicable. All of the above will also be sources of revenue to keep the Port Authority viable. The Port Authority closed on a bond deal with PureCycle for a total of $249,550,000. With the above in place, the Port Authority is still in a great position to continue and remain viable for years to come.

Contacting the Port Authority's Financial Management

This financial report is designed to provide a general overview of the Port Authority's finances for all parties with an interest in the Port Authority's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Robert Horton, Board Chair, 602 Seventh Street, Room 310, Portsmouth, Ohio 45662.

Southern Ohio Port Authority
Scioto County
Statement of Net Position
Proprietary Fund
As of December 31, 2019

Assets	
Current Assets	
Cash and Cash Equivalents	$48,083
Property for Resale	45,550
Total Current Assets	93,633
Noncurrent Assets	
Nondepreciable Capital Assets	998,130
Total Noncurrent Assets	998,130
Total Assets	1,091,763
Liabilities	
Current Liabilities	
Accounts Payable	8,264
Total Current Liabilities	8,264
Long-Term Liabilities	
Loans Payable-Scioto County	95,234
Total Long-Term Liabilities	95,234
Total Liabilities	103,498
Deferred Inflows of Resources	
Pension	87,172
OPEB	51,559
Total Deferred Inflows of Resources	138,731
Net Position	
Net Investment in Capital Assets	902,896
Unrestricted (Deficit)	(53,362)
Total Net Position	$849,534

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2019

Operating Revenue	
Government Contributions	$141,021
Miscellaneous	1,200
Total Operating Revenue	142,221
Operating Expenses	
Employee Costs	
PERS Employer Contributions	(79,026)
Total Employee Costs	(79,026)
Professional Fees	154,957
Property Management	2,739
Registration Fees and Dues	300
Rent	80
Service Fees-Bank	115
Supplies and Fees	107
Donation	6,000
Total Operating Expenses	85,272
Operating Income	56,949
Nonoperating Revenues	
Interest Income	257
Total Nonoperating Revenues	257
Change in Net Position	57,206
Net Position-Beginning of Year-Restated	792,328
Net Position-End of Year	$849,534

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2019

Cash Flows from Operating Activities	
Cash from Contributions	$150,000
Cash from Other Sources	1,200
Cash Payments for Goods and Services	(156,034)
Net Cash Used by Operating Activities	(4,834)
Cash Flows from Investing Activities	
Cash from Investment Earnings	257
Net Cash Provided by Investing Activities	257
Net Decrease in Cash and Cash Equivalents	(4,577)
Cash and Cash Equivalents-Beginning of Year	52,660
Cash and Cash Equivalents-End of Year	$48,083
Reconciliation of Operating Income to Net Cash Used by Operating Activities	
Operating Income	$56,949
Changes in Assets and Liabilities:	
Decrease in Grants Receivable	8,979
Increase in Accounts Payable	8,264
Decrease in Deferred Outflows of Resources	18,105
Increase in Deferred Inflows of Resources	80,145
Decrease in Net Pension Liability	(107,777)
Decrease in Net OPEB Liability	(69,499)
Net Cash Used by Operating Activities	($4,834)

See accompanying notes to the basic financial statements.

Southern Ohio Port Authority
Scioto County
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2019

	Custodial
Additions	
Intergovernmental	$115,636
Total Additions	115,636
Deductions	
Distributions to Others	115,636
Total Deductions	115,636
Change in Net Position	0
Net Position-Beginning of Year	0
Net Position-End of Year	$0

See accompanying notes to the basic financial statements.

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of the Southern Ohio Port Authority (the Port Authority) is presented to assist in understanding the Port Authority's financial statements. The financial statements and notes are representations of the Port Authority's management and board who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles for governmental agencies including those principles prescribed by the Governmental Accounting Standard Board (GASB), the American Institute of Certified Public Accountants in the Publication entitled "Audits of States, Local Governments, and Not-For-Profit Organizations Receiving Federal Awards," and by the Financial Accounting Standards Board (FASB), when applicable. The above policies have been consistently applied in the preparation of the financial statements.

Reporting Entity

The Southern Ohio Port Authority, Scioto County, 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 pursuant to the authority of Section 4582.02 of the Ohio Revised Code. The Port Authority is governed by a seven-member Board of Directors. Members of the Board are appointed by the Scioto County Commissioners. The purpose of the Port Authority is to be involved in the activities that enhance foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Scioto County. The Port Authority is statutorily created as a separate and distinct political subdivision of the State. Scioto 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. Scioto 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. However, the Port Authority is considered to be a component unit of Scioto County by virtue of the fact that the Board is appointed by the County Commissioners. Also, the Port Authority is operated by its Director and its Treasurer and they are both employees of Scioto County. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Port Authority consists of its general operating fund. Component units are legally separate organizations for which the Port Authority is financially accountable. The Port Authority is financially accountable for an organization if the Port Authority appoints a voting majority of the organization's governing board and (1) the Port Authority is able to significantly influence the programs or services performed or provided by the organizations, or (2) the Port Authority is legally entitled to or can otherwise access the organization's resources; the Port Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits or to provide financial support to the organizations; or the Port Authority is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent of the Port Authority if the Port Authority approves the budget, the issuance of debt, or the levying of taxes. The Port Authority has no component units. The Port Authority's management believes these financial statements present all activities for which the Port Authority is financially accountable. The Port Authority was formed on September 22, 1983.

Basis of Accounting

The financial statements of the Port Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body of establishing governmental accounting and financial reporting principles. The Port Authority's financial statements consist of a statement of net position, a statement of revenue, expenses, and changes in net position, and a statement of cash flows. The Port Authority uses a single enterprise 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. Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resource measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Port Authority are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position present increases (i.e, revenues) and decreases (i.e, expenses) in total net position. The statement of cash flows provides information about how the Port Authority finances and meets the cash flow needs of its enterprise activity.

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. There are three categories of funds: governmental, proprietary, and fiduciary. The Port Authority does not have any governmental funds.

Proprietary Funds

Proprietary fund reporting focuses on changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The Port Authority maintains an enterprise fund, a proprietary fund type, which is the general operating fund and is used to account for all financial resources of the Port Authority. This fund is used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Port Authority has no internal service funds.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the Port Authority under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Port Authority's own programs. The Port Authority has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Port Authority's only fiduciary fund is a custodial fund, which is used to account for grant activities originating from an organization known as the Joint Economic Development Initiative of Southern Ohio (JEDISO) program.

Budgetary Process

Ohio Revised Code Section 4582.13 requires the Port Authority to annually prepare a budget. No further approvals or actions are required under Section 4582 of the Ohio Revised Code.

Cash, Cash Equivalents and Investments

The Ohio Revised Code prescribes allowable deposits and investments. For purposes of the statement of cash flows, the Port Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Port Authority invests in a nonnegotiable certificate of deposits with a local financial institute. This investment is reported at cost.

Capital Assets

Capital assets utilized by the Port Authority are reported on the statement of net position. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are reported at their acquisition values as of the date received. The Port Authority maintains a capitalization threshold of five thousand dollars. Improvements are capitalized, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life or not. The Port Authority only owns land. Therefore, the Port Authority has not established useful lives or a depreciation method.

Property Held for Resale

Property held for resale represent properties purchased by or donated to the Port Authority. These properties are held with the intention to sell. These properties are valued based upon the purchase price or tax valuation if no cost was incurred.

Net Position

Net position represents the difference between assets and deferred outflows of resources and 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 borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Port Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Port Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The Port Authority did not have any restricted net position for 2019.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Port Authority, these revenues are contributions received from public and private donors and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Port Authority. Revenues and expenses not meeting these definitions are reported as nonoperating.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Port Authority has no deferred outflows of resources related to pensions and OPEB in 2019; however, this is further discussed in notes 5 and 6.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Port Authority has deferred inflows of resources related to pensions and OPEB, which will be further discussed in notes 5 and 6.

Pensions/OPEB

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

Note 2 – Deposits and Investments

Active deposits are public deposits necessary to meet current demands on the Treasury. Such monies must be maintained either as cash in the Port Authority Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that the Board of Trustees 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 represent interim monies that 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 account including passbook accounts. Interim monies can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Protection of the Port 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 Port Authority 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.

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. Investments must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Port 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 a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk is the risk that in the event of a bank failure, the Port Authority's deposits may not be returned to it. The Port Authority's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. At December 31, 2019, the bank balance of the Port Authority's deposits was $96,083, which was covered by federal depository insurance.

The Port Authority had no investments at December 31, 2019.

Note 3 – Capital Assets/Property Held for Resale

Capital assets and property held for resale activity for the fiscal year ended December 31, 2019 was as follows:

	Balance at 12/31/18	Additions	Deletions	Balance at 12/31/19
Nondepreciable Capital Assets:				
Land	$998,130	$0	$0	$998,130
Property Held for Resale:				
Land Held for Resale	45,550	0	0	45,550

Note 4 – Loan Payable

	Balance at 12/31/18	Additions	Deletions	Balance at 12/31/19
Scioto County	$95,234	$0	$0	$95,234

The Scioto County loan is secured by real estate and payment is due on demand of sale of real estate.

Note 5 – Defined Benefit Pension Plan

Net Pension Liability

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 Port Authority's pension costs relate to prior activity and amortizations when it had employees.

The net pension liability represents the Port Authority's proportionate share of the pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the 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 others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Port Authority's obligation for this liability to annually required payments. The Port Authority cannot control benefit terms or the manner in which pensions are financed; however, the Port 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). The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement system to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the retirement system'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 Ohio Revised Code permits, but does not require, the retirement system to provide health care to eligible benefit recipients.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Port Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension 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/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 www.opers.org , 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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
Traditional Plan 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	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% service for the first 30 years and 2.5%	**Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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 traditional plan 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. Members retiring under the combined plan receive a cost–of–living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee*	10.0 %
Actual Contribution Rates	
Employer:	
Pension**	14.0 %
Post-employment Health Care Benefits**	0.0
Total Employer	14.0 %
Employee	10.0 %

*Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Port Authority's contractually required contribution was $0 for 2019 as they did not have employees in 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 Port Authority's proportion of the net pension liability was based on the Port Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the Port Authority's defined benefits pension plan and pension expense:

Proportionate Share of the Net Pension Liability:	
Current Measurement Date	0.00000000%
Prior Measurement Date	0.00068700%
Change in Proportionate Share	-0.00068700%
Proportionate Share of the:	
Pension Expense	($51,537)

The Port Authority had no employees during the year ended December 31, 2018, which is the period upon which the current year proportionate share was measured. As such, the Port Authority reported no net pension liability or deferred outflows or inflows related to differences between expected and actual experience, changes in assumptions, or net difference between projected and actual earnings on pension plan investments for the year ended December 31, 2019.

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

Deferred Inflows of Resources	
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	$87,172
Total Deferred Inflows of Resources	$87,172

$0 reported as deferred outflows of resources related to pension resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2020	($50,081)
2021	(37,091)
Total	($87,172)

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values 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 applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018 are presented below.

	2018	2017
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-1/7/2013 retirees	3 percent, simple	3 percent, simple
Post-1/7/2013 retirees	3 percent, simple through 2018, then 2.15% simple	3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	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 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 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 was a loss of 2.94 percent for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees 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 table below 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 (Arithmetic)
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 year ended December 31, 2018 and 7.5 percent for the year ended December 31, 2017 for the traditional 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 contractually 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 benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Port Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The Port Authority's proportionate share of the net pension liability is calculated using the current period discount rate assumption of 7.2 percent, as well as what the Port 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. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2018.

Note 6 – Defined Benefit OPEB Plan

Net OPEB Liability

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 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred. The Port Authority's OPEB costs relate to prior activity and amortizations when it had employees.

The net OPEB liability represents the Port Authority's proportionate share of the OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the 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 and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 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 retirement systems to provide healthcare 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 system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (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 the 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 with a minimum age of 60, or generally 30 years of qualifying service at any age. 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 Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code 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 Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting www.opers.org,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 Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's contractually required contribution was $0 for 2019.

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Port Authority's proportion of the net OPEB liability was based on the Port Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

Proportionate Share of the Net OPEB Liability:	
Current Measurement Date	0.000000%
Prior Measurement Date	0.000640%
Change in Proportionate Share	-0.0006400%
Proportionate Share of the:	
OPEB Expense	($27,489)

The Port Authority had no employees during the year ended December 31, 2018, which is the period upon which the current year proportionate share was measured. As such, the Port Authority reported no net OPEB liability or deferred outflows or inflows related to differences between expected and actual experience, changes in assumptions, or net difference between projected and actual earnings on OPEB plan investments for the year ended December 31, 2019.

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

Deferred Inflows of Resources	
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	$51,559
Total Deferred Inflows of Resources	$51,559

$0 reported as deferred outflows of resources related to OPEB resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2020	($27,489)
2021	(23,370)
2022	(700)
Total	($51,559)

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values 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 and include the types of coverage 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. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	2018	2017
Wage Inflation	3.25 percent	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	3.96 percent	3.85 percent
Investment Rate of Return	6.00 percent	6.50 percent
Municipal Bond Rate	3.71 percent	3.31 percent
Health Care Cost Trend Rate	10.00 percent, initial 3.25 percent, ultimate in 2029	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age	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 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 most recent experience study was completed for the five year period ended December 31, 2015.

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 was a loss of 5.6 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees 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 the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below 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 (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.00
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. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. 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 6.00 percent and a municipal bond rate of 3.71 percent for the year ended December 31, 2018. This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent for the year ended December 31, 2017. 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 health care fiduciary net position and future contributions were sufficient to finance health care costs through 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 Port Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The Port Authority's proportionate share of the net OPEB liability is calculated using the single discount rate of 3.96 percent, as well as what the Port Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher

(4.96 percent) than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2018.

Sensitivity of the Port Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The net OPEB liability is 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. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2018.

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 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.

Note 7 – Related Party Transactions

The Port Authority owes $95,234 to Scioto County at December 31, 2019. The Port Authority is a component unit of Scioto County.

Note 8 – Concentration of Credit Risk

The Port Authority's primary assets consist of land, buildings, rail facilities and river dock located in Portsmouth, Ohio. The Port Authority's primary source of income was contributions. The purpose of the Port Authority's sale of industrial property is to promote the creation of industrial related jobs in Scioto County and property sales are typically made at below cost. The Port Authority has been totally dependent on outside contributions for its continued existence.

Note 9 - Contingencies

Environmental

The Port Authority has no known outstanding environmental issues as of the date of this report. The Port Authority has an agreement with Ohio EPA in which the Port Authority performs environmental inspections and corrects resulting problems on Brownfield property at the time the title is transferred to a prospective buyer in return for the Ohio EPA's covenant not to sue and becoming a part of the deed transferred to the buyer.

Grants

Amounts grantor agencies pay to the Port Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Litigation

The Port Authority was not involved in any litigation in 2019.

Note 10 – Risk Management

The Port Authority is included in Scioto County's County Risk Sharing Authority Joint Self Insurance Pool formed under Ohio Revised Code Section 2744. It provided for the following: comprehensive property and general liability coverage; vehicles; and errors and omissions. During 2019, the Port Authority had no settlements that exceeded insurance coverage in any of the past three years. There were also no significant changes in coverage from the prior year.

Note 11 – Conduit Debt Obligations

In order to provide financial assistance to private sector entities for the acquisition and construction of commercial and industrial facilities deemed to be in the public interest, the Port Authority, has from time to time, issued conduit debt. This debt is secured by the property financed and is payable solely from payments received on the underlying mortgage loans.

Ownership of the acquired facilities transfers to the private sector entity served by the bond issuance upon repayment of the bonds. The Port Authority, the State, nor any other political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the conduit debt is not reported as liabilities in the accompanying financial statements.

As of December 31, 2019, there is one conduit debt outstanding, that was originally filed for $10,000,000. The Educational Facilities Development Revenue Bond is still outstanding but is currently being paid by the Clark Foundation. To assist the private sector in acquiring and constructing facilities deemed to be in the public interest, the Port Authority issued $10 million in industrial revenue bonds on May 8, 2008. Mortgages on the facilities secure the bonds. The bonds are payable solely from payments received on the underlying mortgage loans. The Port Authority, the State, nor any other political subdivision is obligated in any manner for paying the bonds.

There is a second conduit debt outstanding that was issued in 2013 on behalf of Scioto County. The original issuance was for Economic Development Facilities Refunding Revenue Bonds in the amount of $1,815,000. As of December 31, 2019, the outstanding balance of this debt reported by Scioto County was $995,000.

Note 12 – COVID-19

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 may impact subsequent periods of the Port Authority. The Port Authority's investment portfolio and investments of the pension and other employee benefit plan in which the Port Authority participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, 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 13 – New Accounting Pronouncements/Restatement of Beginning Balances

For the year ended December 31, 2019, the Port Authority implemented Governmental Accounting Standards Board Statements No. 84, "Fiduciary Activities" and No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements."

GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 provides that governments should report activities meeting certain criteria in a fiduciary fund in the basic financial statements and present a statement of fiduciary net position and a statement of changes in fiduciary net position. Statement No. 84 also describes four fiduciary funds that should be reported, if applicable: pension/employee benefit trust funds;

investment trust funds; private purpose trust funds; and custodial funds with fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

GASB Statement No. 88, among other things, clarifies which liabilities governments should include in their note disclosures related to debt. Statement No. 88 requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. Statement No. 88 defines debt for purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Statement No. 88 also requires governments to disclose additional essential debt-related information for all types of debt, including: amounts of unused lines of credit; assets pledged as collateral for debt; and terms specified in debt agreements related to significant: (a) events of default with finance-related consequences, (b) termination events with finance-related consequences, and (c) subjective acceleration clauses.

The Port Authority also implemented the Governmental Accounting Standards Board's (GASB) Implementation Guide No. 2019-2.

Changes in financial statement presentation and note disclosures have been incorporated with the implementation of GASB Statement No. 84. Beginning net position has also been restated, as discussed below. None of the other aforementioned statements had an impact on the Port Authority's previously reported net position or note disclosures.

Due to the implementation of GASB Statement No. 84, the Port Authority reviewed certain activities and determined that it should be presented as the new fiduciary fund classification of custodial fund. Beginning balance of the governmental activities and the custodial fund were not affected as there was no net position for this fund as of December 31, 2018

In addition, the Port Authority discovered an error in unearned revenue reported in past years that required correction. Beginning net position was restated to reflection this correction.

Net Position, As Reported, December 31, 2018	$753,927
Restatement for Overstated Unearned Revenue	38,401
Net Position, As Restated, January 1, 2019	$792,328

Note 14 – Subsequent Event

The Port Authority issued $6,100,000 of Taxable Special Obligation Revenue Bonds in June 2021. The proceeds of the bonds were to be used to fund a portion of the costs of construction of an approximately 44,000 square-foot logistics building, certain roadway and public infrastructure improvements, and certain related costs including design, engineering, construction, equipping, improving, installation and inspection at the Great Portsmouth Regional Airport.

Southern Ohio Port Authority
Scioto County
Required Supplementary Information
Schedule of the Port Authority's Proportionate Share of the Net Pension Liability
Last Six Years (1)

	2014	2015	2016	2017	2018	2019
Ohio Public Employees Retirement System						
Port Authority's proportion of the net pension liability	0.000000%	0.000571%	0.000881%	0.000853%	0.000687%	0.000000%
Port Authority's proportionate share of the net pension liability	$0	$68,869	$152,600	$193,702	$107,777	$0
Port Authority's covered-employee payroll	$0	$81,667	$109,692	$110,325	$90,769	$0
Port Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	84.33%	139.12%	175.57%	118.74%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%	84.85%	74.70%

The amounts presented for each year were determined as of December 31 of the previous year, which is the Port Authority's measurement date.
(1) Information not available prior to 2014.
See the accompanying notes to the required supplementary information.

Southern Ohio Port Authority
Scioto County
Required Supplementary Information
Schedule of the Port Authority's Proportionate Share of the Net OPEB Liability
Last Three Years (1)

	2017	2018	2019
Ohio Public Employees Retirement System			
Port Authority's proportion of the net OPEB liability	0.00077784%	0.00064000%	0.00000000%
Port Authority's proportionate share of the net OPEB liability	$78,564	$69,499	$0
Port Authority's covered-employee payroll	$110,325	$90,769	$0
Port Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	71.21%	76.57%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	54.05%	54.14%	46.33%

The amounts presented for each year were determined as of December 31 of the previous year, which is the Port Authority's measurement date.

(1) Information not available prior to 2017.
See the accompanying notes to the required supplementary information.

Southern Ohio Port Authority
Scioto County
Required Supplementary Information
Schedule of the Port Authority's Contributions
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Ohio Public Employees Retirement System										
Contractually required contribution (pension)	$0	$0	$0	$0	$9,800	$13,163	$13,239	$11,800	$0	$0
Contractually required contribution (OPEB)	0	0	0	0	1,633	2,194	2,207	908	0	0
Contractually required contribution (total)	0	0	0	0	11,433	15,357	15,446	12,708	0	0
Contributions in relation to the contractually required contribution	0	0	0	0	11,433	15,357	15,446	12,708	0	0
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Port Authority's covered-employee payroll	$0	$0	$0	$0	$81,667	$109,692	$110,325	$90,769	$0	$0
Contributions as a percentage of covered-employee payroll (pension)	0.00%	0.00%	0.00%	0.00%	12.00%	12.00%	12.00%	13.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll (OPEB)	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	1.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll (total)	0.00%	0.00%	0.00%	0.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See the accompanying notes to the required supplementary information.

Ohio Public Employees Retirement System

Pension

Changes in assumptions

There were no changes in assumptions for 2018.

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used from 2017 to 2018 and from 2016 and prior are presented below:

	2019	2017-2018	2016 and before
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent	3.25 to 10.75 percent	4.25 to 10.05 percent
COLA or Ad Hoc COLA:			
Pre-1/7/13 retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-1/7/13 retirees	3 percent, simple through 2018, then 2.15% simple	3 percent, simple through 2018, then 2.15% simple	3 percent, simple through 2018, then 2.8% simple
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

OPEB

Changes in assumptions

	2019	2018	2017
Wage Inflation	3.25 percent	3.25 percent	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	3.96 percent	3.85 percent	4.23 percent
Investment Rate of Return	6.00 percent	6.50 percent	6.50 percent
Municipal Bond Rate	3.71 percent	3.31 percent	3.31 percent
Health Care Cost Trend Rate	10.00 percent, initial 3.25 percent, ultimate in 2029	7.5 percent, initial 3.25 percent, ultimate in 2028	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

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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*

Southern Ohio Port Authority
Scioto County
602 Seventh Street, Room 310
Portsmouth, Ohio 45662

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 business-type activities, the major fund, and the aggregate remaining fund information of the Southern Ohio Port Authority, Scioto County, (the Port Authority) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated October 29, 2021, wherein we noted the Port Authority corrected an overstatement for unearned revenue reported in past years. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Port Authority.

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) 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 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, 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 Port 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 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 financial statement. 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 matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Finding as item 2020-001.

Port Authority's Response to Findings

The Port Authority's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Port Authority's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Port Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Port Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio
October 29, 2021

SOUTHERN OHIO PORT AUTHORITY
SCIOTO 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

Noncompliance

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. **Ohio Rev. Code § 4582.39**, also requires the board of directors of a port authority created in accordance with section 4582.22 of the Revised Code shall annually prepare a budget for the port authority. It further states that rents and charges received by the port authority shall be used for the general expenses of the port authority and to pay interest, amortization, and retirement charges on money borrowed. If there remains, at the end of any calendar year, any surplus of such funds after providing for the above uses, the board of directors may pay such surplus into the general funds of the political subdivisions creating and comprising the port authority in proportion to the taxable value of all property within the port authority which shall be listed on the general tax lists for the respective subdivisions.

The Port Authority Board of Directors did not approve a budget for the 2019 year. They did approve a budget for the 2020 year, but it was not approved until December 10, 2020. It is the responsibility of the Board to approve such a budget and they failed to do so for 2019, and as a result, none of the 2019 Port Authority General Operating Account expenditures were appropriated and 2020 Port Authority General Operating Account expenditures were not appropriated until December 10, 2020. Lack of an official budget restricts management's ability to plan, monitor and control expenditures, and could result in spending in excess of available resources.

We recommend the Port Authority Board of Directors approve an annual budget as required on or about the first day of each fiscal year.

Officials' Response:

The Port Authority will strive to correct this in the future.

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SOUTHERN OHIO PORT AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Ohio Rev. Code § 5705.38(A), Approving an Annual Budget	Not Corrected	Due to change in management and timing of completion of prior audit, this was not corrected in a timely fashion. However, annual budgeting is now being completed. A budget was approved for 2020 and 2021. Reissued. See Finding Number 2020-001.
2018-002	Ohio Rev. Code § 5705.41(B), Expenditures Exceed Appropriations	Partially Corrected	Management letter comment issued.
2018-003	Ohio Rev. Code § 5705.41(D), Improper Prior Certification of Funds	Corrective Action Taken and Finding is Fully Corrected	

OHIO AUDITOR OF STATE
KEITH FABER

SOUTHERN OHIO PORT AUTHORITY

SCIOTO 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 11/18/2021