

COLUMBIANA COUNTY PORT AUTHORITY

COLUMBIANA COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2022 and 2021





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

We have reviewed the *Independent Auditor's Report* of the Columbiana County Port Authority, Columbiana County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 14, 2023

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COLUMBIANA COUNTY PORT AUTHORITY
COLUMBIANA COUNTY, OHIO
Regular Audit
For the years ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Columbiana County Port Authority, Columbiana County, Ohio (the Port Authority), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Port Authority, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by Port Authority on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 10 to the 2022 and 2021 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Port Authority. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

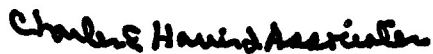
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port Authority's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
July 14, 2023

Columbiana County Port Authority
Columbiana County
Statement of Receipts, Disbursements and
Changes In Fund Balance (Regulatory Cash Basis)
General Fund
For the Year Ended December 31, 2022

	General
Cash Receipts	
Rent	\$ 600,674
Utilities	275
Charges for Services	43,000
Grants	1,295,526
Investment Income	52,750
Miscellaneous	1,535,201
<i>Total Cash Receipts</i>	3,527,426
Cash Disbursements	
Current Disbursements:	
General Government	959,127
Capital Outlay	2,737,667
Debt Service:	
Principal Retirement	119,328
Interest and Fiscal Charges	43,824
<i>Total Cash Disbursements</i>	3,859,946
<i>Excess Receipts Over (Under) Disbursements</i>	(332,520)
Other Financing Receipts (Disbursements)	
Other Financing Sources	87,348
Other Financing Uses	(40,000)
<i>Total Other Financing Receipts (Disbursements)</i>	47,348
<i>Net Change in Fund Cash Balance</i>	(285,172)
<i>Fund Cash Balances, January 1</i>	4,327,722
<i>Fund Cash Balances, December 31</i>	\$ 4,042,550

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

Columbiana County Port Authority
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

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

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

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Basis of Accounting

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

Columbiana County Port Authority
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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

Budgetary Process

The Port Authority is not required to follow Ohio Rev. Code Section 5705 budgetary requirements.

Deposits and Investments

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

Capital Assets

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

Fund Balance

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

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

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

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

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

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

Columbiana County Port Authority
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,458,783	\$ 3,614,774	\$(844,009)

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 5,077,304	\$ 4,149,692	\$ 927,612

Note 4 – Deposits and Investments

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

	2022
Demand deposits	\$2,001,109
Certificates of deposit	2,041,441
Total deposits	\$4,042,550

The Port Authority does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Port Authority has \$720 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Port Authority; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Columbiana County Port Authority
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Risk Management

Commercial Insurance

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

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

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

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Port Authority contributed an amount equaling 14%, of participants' gross salaries. The Port Authority has paid all contributions required through December 31, 2022.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Columbiana County Port Authority
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Farmers Bank Loan	\$ 329,522	5.00%
Crane Lease	<u>196,354</u>	3.49%
Total	<u>\$ 525,876</u>	

Farmer’s Bank Loan

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

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

Crane Lease

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

The purchase price of the Crane was \$1,366,091 a down payment of \$800,000 was made in 2015; the Port then entered into a Lease with TCF Equipment for the balance of \$566,091. The term of the lease is for 120 months with a fixed rate of 3.49%. Monthly payments of \$5,640 began in February 2016.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending	
<u>December 31:</u>	<u>Crane Lease</u>
2023	\$ 67,685
2024	67,685
2025	<u>62,042</u>
Total	<u>\$ 197,412</u>

Columbiana County Port Authority
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balance of this amount was as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	\$ 249,746

Outstanding encumbrances are considered assigned fund balance.

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Port Authority. The impact on the Port Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 11 – Loans Receivable

In 2020, the Port Authority agreed to loan the Village of Leetonia \$423,000. The loan carries an interest rate of 2% and is expected to be paid back to the Port Authority by 2025. In 2022, the Port Authority received \$84,000 from the Village of Leetonia as payment for the loan.

Note 12 – Contingent Liabilities

The Authority may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Port Authority's financial condition.

Columbiana County Port Authority
Columbiana County
Statement of Receipts, Disbursements and
Changes In Fund Balance (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Rent	\$ 606,358	\$ -	\$ 606,358
Utilities	92,768	-	92,768
Charges for Services	55,000	-	55,000
Grants	169,197	80,504	249,701
Investment Income	31,279	-	31,279
Miscellaneous	232,877	-	232,877
<i>Total Cash Receipts</i>	1,187,479	80,504	1,267,983
Cash Disbursements			
Current Disbursements:			
General Government	818,504	-	818,504
Economic Development	-	80,504	80,504
Capital Outlay	444,195	-	444,195
Debt Service:			
Principal Retirement	126,603	-	126,603
Interest and Fiscal Charges	36,550	-	36,550
<i>Total Cash Disbursements</i>	1,425,852	80,504	1,506,356
<i>Excess Receipts Over (Under) Disbursements</i>	(238,373)	-	(238,373)
Other Financing Receipts (Disbursements)			
Other Financing Sources	81,000	-	81,000
<i>Total Other Financing Receipts (Disbursements)</i>	81,000	-	81,000
<i>Net Change in Fund Cash Balance</i>	(157,373)	-	(157,373)
<i>Fund Cash Balances, January 1</i>	4,485,095	-	4,485,095
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,327,722</u>	<u>\$ -</u>	<u>\$ 4,327,722</u>

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

Columbiana County Port Authority
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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

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

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Port Authority had the following significant Special Revenue Fund:

Grant Fund The Grant Fund is used to account for grant monies authorized by the Ohio Governor’s Office of Appalachia for regional job training program within the area.

Columbiana County Port Authority
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

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

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

Budgetary Process

The Port Authority is not required to follow Ohio Rev. Code Section 5705 budgetary requirements.

Deposits and Investments

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

Capital Assets

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

Fund Balance

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

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

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

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

Columbiana County Port Authority
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,270,731	\$ 1,268,479	\$(3,002,252)
Special Revenue	80,504	80,504	-

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 4,750,781	\$ 1,433,535	\$ 3,317,246
Special Revenue	80,504	80,504	-

Note 4 – Deposits and Investments

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

	2021
Demand deposits	\$2,301,074
Certificates of deposit	2,026,648
Total deposits	\$4,327,722

Columbiana County Port Authority
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (continued)

The Port Authority does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Port Authority has no unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Port Authority; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Risk Management

Commercial Insurance

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

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

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

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Port Authority contributed an amount equaling 14%, of participants' gross salaries. The Port Authority has paid all contributions required through December 31, 2021.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2021.

Columbiana County Port Authority
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Farmers Bank Loan	\$ 389,198	5.00%
Crane Lease	<u>256,006</u>	3.49%
	<u>\$ 645,204</u>	

Farmer’s Bank Loan

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

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

Crane Lease

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

The purchase price of the Crane was \$1,366,091 a down payment of \$800,000 was made in 2015; the Port then entered into a Lease with TCF Equipment for the balance of \$566,091. The term of the lease is for 120 months with a fixed rate of 3.49%. Monthly payments of \$5,640 began in February 2016.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year Ending</u> <u>December 31:</u>	<u>Crane</u> <u>Lease</u>
2022	\$ 67,685
2023	67,685
2024	67,685
2025	<u>62,042</u>
	<u>\$265,097</u>

Columbiana County Port Authority
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Fund Balances

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

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	\$7,683

The fund balances of special revenue funds are either restricted or committed. These restricted and committed amounts in the special revenue funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Port Authority. The impact on the Port Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 11 – Loans Receivable

In 2020, the Port Authority agreed to loan the Village of Leetonia \$423,000. The loan carries an interest rate of 2% and is expected to be paid back to the Port Authority by 2025. In 2021, the Port Authority received \$81,000 from the Village of Leetonia as payment for the loan.

Note 12 – Contingent Liabilities

The Authority may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Port Authority's financial condition.

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 of the Columbiana County Port Authority, Columbiana County, Ohio (the Port Authority), and the related notes to the financial statements and have issued our report thereon dated June 14, 2023, wherein we noted the Port Authority followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will 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) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Port Authority's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider item 2022-001 to be a material weakness.

Compliance and Other Matters

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

Entity's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Port Authority's response to the finding identified in our audit and described in the accompanying corrective action plan. The Port Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
June 14, 2023

COLUMBIANA COUNTY PORT AUTHORITY
COLUMBIANA COUNTY

Schedule of Findings
December 31, 2022 and 2021

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

Finding Number 2022-001 – Material Weakness

Audit Adjustments and Reclassifications

Our testing revealed several instances where errors were made with respect to the posting and reporting of various transactions, and the presentation of annual financial statements and notes. During 2022 and 2021, the more significant misclassifications were as follows:

- During 2022, the Port Authority purchased capital equipment for \$2,380,622 and reported it as Other Financing Uses. This was reclassified as Capital Outlay.
- During 2021, the Port Authority expended \$284,786 for equipment and reported it as Other Financing Uses. This was reclassified as Capital Outlay.
- During 2022, the Port Authority received \$43,000 from Columbiana County Board of Development Department for administration fees and booked it as miscellaneous revenue. This was reclassified as charges for services.
- During 2021, the Port Authority received \$55,000 from Columbiana County Board of Development Department for administration fees and booked it as miscellaneous revenue. This was reclassified as charges for services.

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

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

Managements' Response:

See Corrective Action Plan

COLUMBIANA COUNTY PORT AUTHORITY
 COLUMBIANA COUNTY, OHIO
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management
 December 31, 2022 and 2021

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2020-001	Material Weakness – Audit Adjustments and Reclassifications	Partially Corrected	
2020-002	Noncompliance – Restrictions on Appropriating and Expending Money	Corrected	

COLUMBIANA COUNTY PORT AUTHORITY
COLUMBIANA COUNTY

CORRECTIVE ACTION PLAN – Prepared by Management
December 31, 2022 and 2021

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	<ul style="list-style-type: none"><li data-bbox="444 478 998 548">• The Port Authority will begin using capital outlay for purchase of equipment.	Immediately	Penny Traina, Chief Executive Officer

OHIO AUDITOR OF STATE KEITH FABER



COLUMBIANA COUNTY PORT AUTHORITY

COLUMBIANA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/26/2023

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

This report is a matter of public record and is available online at
www.ohioauditor.gov