



OHIO AUDITOR OF STATE
KEITH FABER



**MEDINA COUNTY PORT AUTHORITY
MEDINA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Statement of Net Position	9
Statement of Revenues, Expenses and Changes in Net Position.....	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Schedule of Expenditures of Federal Awards.....	23
Notes to the Schedule of Expenditures of Federal Awards	24
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	27
Schedule of Findings.....	31

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Medina County Port Authority
Medina County
144 North Broadway Street
Medina, Ohio 44256

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Medina County Port Authority, Medina County, Ohio (the Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Medina County Port Authority, Medina County, Ohio as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2024, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 10, 2024

This page intentionally left blank.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

The management's discussion and analysis (MD&A) of the Medina County Port Authority ("the Authority") financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers are encouraged to consider information presented here as well as the basic financial statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- Total operating revenues were \$1,587,158.
- Total operating expenses were \$1,814,313.
- Net position increased \$7,423,244 in 2023.
- Outstanding long term obligations decreased from a balance of \$16,708,872 in 2022 to \$15,807,953 in 2023.

Using this Financial Report

This annual report consists of three parts, the MD&A, the basic financial statements, and notes to the basic financial statements. The basic financial statements include statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows. Since the Authority only uses one fund for its operations, the entity-wide and the fund presentation information is the same.

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

The Statement of Net Position answers the question, "How did we do financially during 2023?". This statement includes all assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. The basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This change in net position is important because it tells the reader whether, for the Authority as a whole, the financial position of the Authority has improved or diminished. However, in evaluating the overall position of the Authority, non-financial information such as changes in the condition of the Authority's capital assets will also need to be evaluated.

This section contains a condensed comparison of assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses and explanations for significant differences.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Table 1 provides a summary of the Authority's net position for 2023 and 2022.

Table 1
Net Position

	2023	2022	Change
Assets			
Current Assets	\$ 5,759,503	\$ 1,385,118	\$ 4,374,385
Non-Current and Capital Assets	18,805,680	12,566,180	6,239,500
Total Assets	<u>24,565,183</u>	<u>13,951,298</u>	<u>10,613,885</u>
Liabilities			
Current Liabilities	5,599,846	1,456,333	4,143,513
Long-Term Liabilities	14,684,032	15,615,326	(931,294)
Total Liabilities	<u>20,283,878</u>	<u>17,071,659</u>	<u>3,212,219</u>
Deferred Inflow of Resources			
Leases	35,017	56,595	(21,578)
Net Position:			
Net Investment in Capital Assets	9,887,406	2,266,221	7,621,185
Restricted	440,689	691,953	(251,264)
Unrestricted	(6,081,807)	(6,135,130)	53,323
Total Net Position	<u>\$ 4,246,288</u>	<u>\$ (3,176,956)</u>	<u>\$ 7,423,244</u>

Current assets increased during the year due to an increase in intergovernmental receivable by approximately \$4.4 million relating to a project funded by ARPA federal grants.

Capital assets include the fiber network, intangible right to use fiber network, equipment, and construction in progress. Capital assets increased by approximately \$6.9 million due to a fiber expansion project funded by ARPA federal grants that started in the prior year. The total project is estimated to be around \$11 million. These capital assets are used to provide services to citizens and are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The balance of unrestricted net position is a deficit balance of \$6,081,807 for December 31, 2023. The primary reason for this deficit is related to the outstanding liabilities owed to the County for their contributions to the Contribution Fund (See Note 6 for further details).

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Table 2 shows the changes in net position for the years ended December 31, 2023 and 2022.

Table 2
Changes in Net Position

	2023	2022	Change
Operating Revenues			
Charges for Services	\$ 1,565,580	\$ 1,608,288	\$ (42,708)
Lease Revenue	21,578	17,732	3,846
<i>Total Operating Revenues</i>	<u>1,587,158</u>	<u>1,626,020</u>	<u>(38,862)</u>
Operating Expenses			
Cost of Goods Sold	209,186	256,222	(47,036)
Sales, Overhead and Administrative	331,518	297,371	34,147
Economic Development and Assistance	694,402	270,477	423,925
Depreciation	555,709	414,235	141,474
Amortization	23,498	23,498	-
<i>Total Operating Expenses</i>	<u>1,814,313</u>	<u>1,261,803</u>	<u>552,510</u>
<i>Operating Income (Loss)</i>	<u>(227,155)</u>	<u>364,217</u>	<u>(591,372)</u>
Non-Operating Revenues (Expenses)			
Interest	95,903	20,597	75,306
Lease Interest	800	720	80
Intergovernmental	7,906,649	3,802,842	4,103,807
Interest and Fiscal Charges	(352,953)	(362,407)	9,454
Other Expense	-	(1,049)	1,049
<i>Total Non-Operating Revenues (Expenses)</i>	<u>7,650,399</u>	<u>3,460,703</u>	<u>4,189,696</u>
<i>Change in Net Position</i>	7,423,244	3,824,920	3,598,324
<i>Net Position Beginning of Year</i>	<u>(3,176,956)</u>	<u>(7,001,876)</u>	<u>3,824,920</u>
<i>Net Position End of Year</i>	<u>\$ 4,246,288</u>	<u>\$ (3,176,956)</u>	<u>\$ 7,423,244</u>

Intergovernmental revenue increased significantly during 2023 from proceeds related to ARPA funding previously discussed.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Capital Assets

The significant increase in capital assets is related to the new fiber network expansion project, as previously discussed. Note 4 provides capital asset activity during 2023.

Debt

The only changes to debt during the year was from scheduled debt and lease payments, offset by accrued interest on loans owed to Medina County, Ohio. Additional information concerning the Authority's debt can be found in Note 6 to the basic financial statements.

Contacting the Medina County Port Authority's Financial Management

This financial report is intended to provide our citizens, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the revenue it receives. If you have questions about this report or need additional financial information, contact the Administrator at the Medina County Port Authority, Bethany Dentler, 144 N. Broadway, Medina, Ohio 44256.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Statement of Net Position
December 31, 2023

Assets:	
<i>Current Assets:</i>	
Equity in Cash and Cash Equivalents	\$ 769,053
Cash with Fiscal Agent	303,112
Accounts Receivable	203,322
Intergovernmental Receivable	4,464,862
Lease Receivable	19,154
	5,759,503
<i>Total Current Assets</i>	
 <i>Non-Current Assets:</i>	
Equity in Cash and Cash Equivalents-Restricted	442,460
Lease Receivable	16,293
Capital Assets Not Being Depreciated/Amortized	3,054,280
Capital Assets Being Depreciated/Amortized, Net	15,292,647
	18,805,680
<i>Total Non-Current Assets</i>	
	24,565,183
 Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	11,063
Contracts Payable	4,464,862
Lease Payable	13,921
Revenue Bonds Payable-Current Portion	1,110,000
	5,599,846
<i>Total Current Liabilities</i>	
 <i>Long-Term Liabilities:</i>	
Accrued Interest Payable-Medina County Loan	1,708,553
Loans Payable-Medina County	5,540,479
Revenue Bonds Payable	7,435,000
	14,684,032
<i>Total Long-Term Liabilities</i>	
	20,283,878
 Deferred Inflows of Resources	
Leases	35,017
	35,017
 Net Position	
Net Investment in Capital Assets	9,887,406
Restricted for Debt Service	440,689
Unrestricted	(6,081,807)
	(6,081,807)
<i>Total Net Position</i>	
	\$ 4,246,288

See accompanying notes to the basic financial statements.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023

<hr/> <hr/>	
Operating Revenues	
Charges for Services	\$ 1,565,580
Lease Revenue	21,578
	<hr/>
<i>Total Operating Revenues</i>	<i>1,587,158</i>
	<hr/>
Operating Expenses	
Cost of Goods Sold	209,186
Sales, Overhead and Administrative	331,518
Economic Development and Assistance	694,402
Depreciation	555,709
Amortization	23,498
	<hr/>
<i>Total Operating Expenses</i>	<i>1,814,313</i>
	<hr/>
<i>Operating Income/Loss</i>	<i>(227,155)</i>
	<hr/>
Non-Operating Revenues (Expenses)	
Interest	95,903
Lease Interest	800
Intergovernmental	7,906,649
Interest and Fiscal Charges	(352,953)
	<hr/>
<i>Total Non-Operating Revenues (Expenses)</i>	<i>7,650,399</i>
	<hr/>
<i>Change in Net Position</i>	<i>7,423,244</i>
	<hr/>
<i>Net Position Beginning of Year</i>	<i>(3,176,956)</i>
	<hr/>
<i>Net Position End of Year</i>	<i>\$ 4,246,288</i>
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash flows from Operating Activities:	
Cash Received from Customers	\$ 1,543,233
Cash Payments to Suppliers for Goods and Services	(905,685)
Cash Payments for Sales, Overhead and Administration	(331,518)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>306,030</u>
Cash Flows from Noncapital Financing Activities:	
Intergovernmental	582,451
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>582,451</u>
Cash Flows from Capital and Related Financing Activities:	
Intergovernmental	2,509,709
Acquisition of Capital Assets	(2,973,684)
Principal Payments on Leases	(23,546)
Principal Payments on Bonds	(1,070,000)
Interest Payments on Bonds	(159,872)
Interest Payments on Leases	(454)
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(1,717,847)</u>
Cash Flows from Investing Activities:	
Interest Income	95,903
Lease Interest Income	800
<i>Net Cash Provided by (Used for) Investing Activities</i>	<u>96,703</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(732,663)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,247,288</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 1,514,625</u>
Reconciliation of Operating Income (Loss) To Net Cash Provided by (Used for) Operating Activities:	
Operating Income (Loss)	\$ (227,155)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	555,709
Amortization	23,498
(Increase) Decrease in Assets:	
Accounts Receivable	(43,747)
Lease Receivable	21,400
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	(2,097)
Leases	(21,578)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ 306,030</u>
Noncash Capital Financing Activities:	
The Authority purchased \$4,464,862 of capital assets on account in 2023.	

See accompanying notes to the basic financial statements.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Notes to the Financial Statements
For the Years Ended December 31, 2023

NOTE 1: REPORTING ENTITY

Under the authority of the Ohio Revised Code Sections 4582.21 through 4582.59 Medina County, Ohio (the County) has by Resolution of the Board of County Commissioners created the Medina County Port Authority (the Authority), a body corporate and politic duly organized and validly existing under the laws of the State of Ohio. The Authority was established to assist the county of Medina in carrying out its purposes of promoting projects that will provide for the creation of jobs and employment opportunities and improve the economic welfare of the people residing in Medina County, as well as to encourage projects to enhance, foster, aid, provide or promote transportation, economic development, housing, recreation, education, governmental operations, culture or research within the territory served by the Authority. The Authority is a discreetly presented component unit of the County, as defined pursuant to Governmental Accounting Standards and Statement No. 61, *The Financial Reporting Entity – An Amendment of GASB Statements No. 14 and No. 34* and Statement No. 80, *Blending Requirements for Certain Component Units An Amendment of GASB Statement No. 14*. The Authority is governed by nine Board of Director members.

NOTE: 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Medina County Port Authority is presented to assist in understanding the entity's financial statements. The financial statements and notes are representations of the entity's management and board who are responsible for their integrity and objectivity. These policies have been consistently applied in the preparation of the financial statements.

Component units are legally separate organizations for which the Authority is financially accountable. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organizations; (2) the Authority is legally entitled to or can otherwise access the organization's resources; (3) the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits, or provide financial support to, the organization; or (4) the Authority is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the issuance of debt or the levying of taxes. The Authority does not report any component units.

The Authority is classified as a component unit of Medina County, Ohio. For reporting purposes in accordance with accounting principles generally accepted in the United States of America.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

A. Basis of Accounting

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Authority's accounting policies are described below.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Notes to the Financial Statements
For the Years Ended December 31, 2023

The Authority's financial statements consist of statements of net position, statements of revenue, expenses and changes in net position, and statements of cash flows.

The 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.

Deferred Inflows/Outflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

For 2023, the Authority does not report any deferred outflows of resources. The Authority is reporting a deferred inflow related to leases receivable.

B. Measurement Focus

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

C. Fund Accounting

The 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 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.

D. Equity in Cash and Cash Equivalents/Restricted Cash/Cash With Fiscal Agent

Equity in Cash and Cash Equivalents and Restricted Cash

The Authority invests their cash in a Morgan Stanley Institutional Liquidity Treasury Security Institute Fund. For purposes of the statement of cash flows, the Authority considers all highly liquid instruments purchased with a maturity of ninety days or less to be cash equivalents. All other investments are considered "investments".

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Notes to the Financial Statements
For the Years Ended December 31, 2023

Under the 2020 Revenue Refunding Bonds Trust Indentures (see Note 6 for further information), the Authority will cause the Bond Reserve Fund to be funded with the proceeds of each of the debt issuances in an amount equal to the Bond Reserve Requirement of the Series 2020 Refunding Bonds, respectively. The Trustee is authorized to draw on the Bond Reserve Fund to the extent necessary to provide moneys sufficient to pay Bond Service Charges on any Interest Payment Date or Principal Payment Date, as applicable. The County has agreed, subject to appropriation, to reinstate the Bond Reserve Fund after any draw to pay Bond Service Charges from available non-tax revenues of the County pursuant to a Bond Reserve Fund Non-Tax Revenue Contribution Agreement 2022 Series. As of 2023, the carrying amount of the Bond Reserve Fund (\$440,689) is reported as Restricted Cash on the statement of net position. In 2022, the Authority entered into agreements in which the Authority was named a sub-recipient of portions of several local government's ARPA State and Local Fiscal Recovery Fund grant monies, to construct an expansion of the Authority's fiber network. Cash held under these agreements is restricted for use on the project. As of 2023, the carrying amount of the ARPA deposit accounts (\$1,771) is reported as Restricted Cash on the statement of net position.

Cash with Fiscal Agent

Some monies received by the Authority are held by the County which serves as fiscal agent. At year-end, cash with fiscal agent totaled \$303,112. The money is held by the County in a pooled account with other County funds and therefore cannot be classified by risk under GASB Statement 40. Any risk associated with the cash of the County as a whole may be obtained from their audit report or by contracting the County Auditor's office directly.

E. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the financial statements. In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full. Bonds and long-term loans are recognized as a liability on the financial statements when incurred.

F. Unearned Revenue

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

G. Budgetary Process

The Ohio Revised Code does not require the Authority to budget annually; therefore, budgetary information for the Authority is not presented in the basic financial statements. However, the Authority has established within the articles of the Rules and Regulations that an annual budget and appropriations shall be prepared and that operational expenditures must be maintained with the budget and appropriations.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Notes to the Financial Statements
For the Years Ended December 31, 2023

H. Capital Assets

Capital assets utilized by the 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. In addition, interest costs on financing during construction are capitalized. Donated capital assets are reported at their acquisition value as of the date received. The Authority maintains a capitalization threshold of \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Depreciation is computed using the straight-line method over the following useful lives:

Fiber Network	30 Years
Equipment	10 Years

The Authority is reporting intangible right to use assets related to leased fiber network. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

I. 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/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

J. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Authority. All revenue and expenses not meeting these definitions are classified as nonoperating.

K. 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.

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits

The Authority has established an investment policy that authorizes the Authority to invest funds in lawful investments as provided by the Ohio Revised Code. State statutes classify monies held by the Authority into three categories.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Notes to the Financial Statements
For the Years Ended December 31, 2023

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

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

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and any other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Notes to the Financial Statements
For the Years Ended December 31, 2023

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred and seventy days, respectively from the purchase date in any amount not to exceed 40 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

As of December 31, 2023, the Authority investments are in the Morgan Stanley Institutional Liquidity Treasury Security Institute Fund with a net asset value of \$1,247,509. The difference as compared to the carrying value represents outstanding reconciling items cleared in the subsequent year.

Interest Rate Risk. Is the possibility that changes in interest rates will adversely affect the fair value of an investment. The Authority's does not have an investment policy that addresses limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The weighted average of maturity of the portfolio held by the Morgan Stanley Institutional Liquidity Treasury Securities Institute Fund is 50 days as of December 31, 2023.

Custodial Credit Risk. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Authority will no longer be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Authority or qualified trustee.

Credit Risk. The Authority's investments policy limits purchases to those allowed by the ORC, which are designed to mitigate risks. The Authority's investment credit ratings for the investment in the Morgan Stanley Institutional Liquidity Treasury Security Institute Fund is AAAM, which was rated by S & P Global Ratings.

Concentration of Credit Risk. The Authority places no limit on the amount that may be invested in any one issuer.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Notes to the Financial Statements
For the Years Ended December 31, 2023

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	BEGINNING BALANCE 12/31/2022	ADDITIONS	DISPOSALS	TRANSFERS	ENDING BALANCE 12/31/2023
Capital Assets, Not Being Depreciated/Amortized:					
Construction in Progress	\$ 3,652,842	\$ 7,347,159	\$ -	\$ (7,945,721)	\$ 3,054,280
Capital Assets, Being Depreciated/Amortized:					
Fiber Network	10,962,297	91,387	-	6,119,300	17,172,984
Equipment	493,456	-	(22,049)	1,826,421	2,297,828
Intangible Right To Use, Fiber Network	60,702	-	-	-	60,702
Total Capital Assets, Being Depreciated/Amortized	11,516,455	91,387	(22,049)	7,945,721	19,531,514
Less Accumulated Depreciation/Amortization:					
Fiber Network	(3,342,750)	(417,780)	-	-	(3,760,530)
Equipment	(315,461)	(137,929)	22,049	-	(431,341)
Intangible Right To Use, Fiber Network	(23,498)	(23,498)	-	-	(46,996)
Total Accumulated Depreciation/Amortization	(3,681,709)	(579,207)	22,049	-	(4,238,867)
Total Capital Assets Being Depreciated/Amortized, Net	7,834,746	(487,820)	-	7,945,721	15,292,647
Total Capital Assets, Net	\$ 11,487,588	\$ 6,859,339	\$ -	\$ -	\$ 18,346,927

NOTE 5: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters.

Per the Master Service Agreement the Authority shall, at its own expense, obtain and keep in full force and effect at all times for the duration of this Agreement, on an occurrence basis with a carrier or carriers having a Best Rating Service rating of A- / X or better and licensed to do business in the State where the Services are to be delivered, insurance policies of the following kinds and in the following amounts, with Customer (as defined in the Master Service Agreement) to be named as an additional insured as its interest may appear:

- (a) Workers' Compensation Insurance in accordance with all applicable laws and regulations applicable to the employees who are engaged in the performance of this Agreement;
- (b) Employer's liability insurance with limits for employer's liability of \$500,000 per accident/occurrence;
- (c) Commercial general liability insurance, covering comprehensive bodily injury and property damage liability insurance, including automobile insurance, contractual liability insurance, and claims for bodily injury, death and property damage, including comprehensive form, premises and operations, independent contractors, products and completed operations, personal injury, and broad form property damage liability coverage, in at least the following amounts:

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Notes to the Financial Statements
For the Years Ended December 31, 2023

Bodily injury to any one person	\$1,000,000
Bodily injury aggregate	\$1,000,000
Property damage in any one accident	\$2,000,000
Property damage aggregate	\$2,000,000
Umbrella, or excess liability	\$5,000,000

Upon request of Customer, the Authority shall furnish Customer certificates of such insurance, and each policy shall make commercially reasonable efforts to provide that no decrease, non-renewal, or cancellation shall become effective except upon thirty (30) days' prior notice to Customer of such decrease non-renewal, or cancellation. The Authority shall obtain a waiver of rights of subrogation for commercial general liability insurance from its insurer in favor of Customer.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

NOTE 6: LONG-TERM OBLIGATIONS

On September 30, 2020, the Medina County Port Authority issued \$9,990,000 of Development Revenue Refunding Bonds, Series 2020A and Recovery Zone Facility Refunding Bonds, Series 2020B. The bonds were issued to refund \$3,865,000 of Taxable Development Revenue Bonds, Series 2010A and \$6,415,000 of Development Revenue Bonds, Series 2010B. The bonds were issued for an eleven year period with final maturity December 31, 2030 and interest rate of 1.690 and 1.710 percent, respectively.

At the date of refunding, \$10,755,970 (including \$765,970 held in the 2010 Series Bond Reserve Fund) was used to pay off old debt. As a result, \$3,865,000 of the Taxable Development Revenue Bonds, Series 2010A and \$6,415,000 of the Development Revenue Bonds, Series 2010B are considered to be defeased. The liability of the bonds was removed from the financial statements at the time of the refunding. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$3,271,802 and resulted in an economic gain of \$2,546,391.

The Authority has an agreement with the County in which the County will contribute to a bond reserve fund for the Port Authority to use, as needed, to make debt payments. Each payment by the County to the bond reserve fund shall be deemed a loan. As of year-end, the total amount contributed by the County is \$5,540,479. Amounts contributed will require repayment at an interest rate of 5.42%. Accumulated interest owed at year-end is \$1,708,553. There is no amortization scheduled related to the retirement of these obligations.

The Authority has an outstanding agreement to lease fiber network. Due to the implementation of GASB 87, this lease met the criteria of a lease thus requiring it to be recorded by the Authority. The future lease payments were discounted using the Authority's incremental borrowing rate. The discount is being amortized using the straight-line method over the life of the lease.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Notes to the Financial Statements
For the Years Ended December 31, 2023

Changes in long-term obligations of the Authority during the year ended December 31, 2023 consisted of the following:

	Beginning Balance 12/31/2022	Additions	Deletions	Ending Balance 12/31/2023	Due Within One Year	Due in More Than One year
2020 Development Rev Refunding Bonds	\$ 9,615,000	\$ -	\$ (1,070,000)	\$ 8,545,000	\$ 1,110,000	\$ 7,435,000
County Loan Payable	5,540,479	-	-	5,540,479	-	5,540,479
County Loan Payable-Accrued Interest	1,515,926	192,627	-	1,708,553	-	1,708,553
Lease Payable	37,467	-	(23,546)	13,921	13,921	-
Total	<u>\$ 16,708,872</u>	<u>\$ 192,627</u>	<u>\$ (1,093,546)</u>	<u>\$ 15,807,953</u>	<u>\$ 1,123,921</u>	<u>\$ 14,684,032</u>

The annual requirements to retire debt are as follows:

Years	Principal	Interest	Total
2024	\$ 1,110,000	\$ 141,374	\$ 1,251,374
2025	1,145,000	122,275	1,267,275
2026	1,180,000	102,492	1,282,492
2027	1,215,000	82,193	1,297,193
2028	1,255,000	61,253	1,316,253
2029-2030	2,640,000	56,855	2,696,855
	<u>\$ 8,545,000</u>	<u>\$ 566,442</u>	<u>\$ 9,111,442</u>

As noted above, all accumulated principal and interest amounts owed to the County will be due on June 1, 2031, thus excluded from the table above.

A summary of principal and interest amounts for the remaining lease is as follows:

Fiscal Year	Principal	Interest
2024	\$ 13,921	\$ 79
	<u>\$ 13,921</u>	<u>\$ 79</u>

The Authority has pledged future net customer revenue to repay \$8,545,000 in general obligation bonds. Current year principal and interest payments, as a percentage of net customer revenues, on all revenue bonds were 66%. The total principal and interest remaining to be paid on all revenue bonds is \$9,111,442. Principal and interest paid for the current year and total net available revenue were \$1,229,872 and \$448,755, respectively.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Notes to the Financial Statements
For the Years Ended December 31, 2023

NOTE 7: LEASE RECEIVABLE

The Authority leases fiber network to various local governments and entities within Medina County. The lease terms range from 3 to 5 years. The Authority is reporting a total lease receivable of \$35,447. This amount represents the discounted future monthly lease payments. The discount is being amortized using the straight-line method. For 2023, the Authority reported lease revenue of \$21,578 and interest revenue of \$800.

A summary of future payments to be received is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 19,154	\$ 446
2025	8,717	183
2026	4,103	97
2027	3,473	27
	<u>\$ 35,447</u>	<u>\$ 753</u>

NOTE 8: CONDUIT DEBT OBLIGATIONS

The Authority has served as an issuer of various bonds that qualify as conduit debt. The bonds do not constitute a general obligation, debt, or bonded indebtedness of the County, nor is the full faith and credit or taxing power of the Authority pledged to make repayment. See a summary below for various bonds issued that are still outstanding as of the end of year:

<u>Purpose</u>	<u>Type of Bonds</u>	<u>Amounts Outstanding</u>
Manufacturing expansion and renovation	Nonrecourse Taxable Development Lease Revenue Bonds	\$ 2,400,000

NOTE 9: IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the year ended December 31, 2023, the Authority has implemented GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the Authority.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Authority.

Medina County Port Authority
Medina County, Ohio
(A Component Unit of Medina County, Ohio)
Notes to the Financial Statements
For the Years Ended December 31, 2023

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Authority.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the Authority.

**MEDINA COUNTY PORT AUTHORITY
MEDINA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal Assistance Listing Number	Total Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY		
<i>Passed Through Medina County</i>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	\$6,980,994
<i>Passed Through Chatham Township</i>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	123,621
<i>Passed Through Litchfield Township</i>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	142,404
<i>Passed Through Spencer Township</i>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	84,571
<i>Passed Through the Village of Spencer</i>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	15,568
Total U.S. Department of The Treasury		7,347,158
Total Expenditures of Federal Awards		\$7,347,158

**MEDINA COUNTY PORT AUTHORITY
MEDINA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Medina County Port Authority (the Port Authority) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Port Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Port Authority

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on an accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Port Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Medina County Port Authority
Medina County
144 North Broadway Street
Medina, Ohio 44256

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Medina County Port Authority, Medina County, Ohio (the Authority) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

June 10, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Medina County Port Authority
Medina County
144 North Broadway Street
Medina, Ohio 44256

To the Board of Directors:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Medina County Port Authority's, Medina County, Ohio (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Medina County Port Authority's major federal program for the year ended December 31, 2023. Medina County Port Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Medina County Port Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Authority's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 10, 2024

This page intentionally left blank.

**MEDINA COUNTY PORT AUTHORITY
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Coronavirus State and Local Fiscal Recovery Funds, AL 21.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



MEDINA COUNTY PORT AUTHORITY

MEDINA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/2/2024

65 East State 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