



OHIO AUDITOR OF STATE
KEITH FABER



**BELMONT COUNTY PORT AUTHORITY
BELMONT COUNTY
DECEMBER 31, 2019 AND 2018**

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**BELMONT COUNTY PORT AUTHORITY
BELMONT COUNTY
DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Belmont County Port Authority
Belmont County
101 North Market Street, Suite J
St. Clairsville, Ohio 43950

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities and each major fund of the Belmont County Port Authority, Belmont County, Ohio (the Port Authority), a component unit of Belmont County, Ohio, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the Belmont County Port Authority, Belmont County, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

The Port Authority is a component unit of Belmont County, Ohio. For the years ending December 31, 2019 and 2018, the Port Authority has elected not to file a Management's Discussion and Analysis. We did not modify our opinion regarding these matters.

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Port Authority. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020, on our consideration of the Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 28, 2020

Belmont County Port Authority
Statement of Net Position - Cash Basis
December 31, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$480,746
<i>Total Assets</i>	480,746
Net Position	
Restricted for:	
Capital Projects	\$8,045
Unrestricted	472,701
<i>Total Net Position</i>	\$480,746

See accompanying notes to the basic financial statements

Belmont County Port Authority
Statement of Activities - Cash Basis
For the Year Ended December 31, 2019

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Economic Development	\$1,748,018	\$0	\$393,659	(\$1,354,359)
<i>Total Governmental Activities</i>	<u>\$1,748,018</u>	<u>\$0</u>	<u>\$393,659</u>	<u>(1,354,359)</u>
		General Receipts:		
		Contributions from Belmont County		67,688
		Miscellaneous		<u>136,476</u>
		<i>Total General Receipts</i>		<u>204,164</u>
		Change in Net Position		(1,150,195)
		<i>Net Position Beginning of Year</i>		<u>1,630,941</u>
		<i>Net Position End of Year</i>		<u>\$480,746</u>

See accompanying notes to the basic financial statements

Belmont County Port Authority
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2019

	General	EORIP Capital Projects	EORIP Grant Fund	629 Grant Fund	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$441,595	\$31,106	\$8,045	\$0	\$480,746
<i>Total Assets</i>	<u>\$441,595</u>	<u>\$31,106</u>	<u>\$8,045</u>	<u>\$0</u>	<u>\$480,746</u>
Fund Balances					
Restricted	\$0	\$0	\$8,045	\$0	\$8,045
Assigned	0	31,106	0	0	31,106
Unassigned (Deficit)	441,595	0	0	0	441,595
<i>Total Fund Balances</i>	<u>\$441,595</u>	<u>\$31,106</u>	<u>\$8,045</u>	<u>\$0</u>	<u>\$480,746</u>

See accompanying notes to the basic financial statements

Belmont County Port Authority
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2019

	General	EORIP Capital Projects	EORIP Grant Fund	629 Grant Fund	Total Governmental Funds
Receipts					
Belmont County Contributions	\$67,688	\$0	\$0	\$0	\$67,688
Intergovernmental	393,659	0	0	0	393,659
Miscellaneous	136,476	0	0	0	136,476
<i>Total Receipts</i>	<u>597,823</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>597,823</u>
Disbursements					
Current:					
Economic Development	1,740,574	2,500	4,513	431	1,748,018
<i>Total Disbursements</i>	1,740,574	2,500	4,513	431	1,748,018
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,142,751)</u>	<u>(2,500)</u>	<u>(4,513)</u>	<u>(431)</u>	<u>(1,150,195)</u>
<i>Net Change in Fund Balances</i>	(1,142,751)	(2,500)	(4,513)	(431)	(1,150,195)
<i>Fund Balances Beginning of Year</i>	<u>1,584,346</u>	<u>33,606</u>	<u>12,558</u>	<u>431</u>	<u>1,630,941</u>
<i>Fund Balances End of Year</i>	<u>\$441,595</u>	<u>\$31,106</u>	<u>\$8,045</u>	<u>\$0</u>	<u>\$480,746</u>

See accompanying notes to the basic financial statements

Belmont County Port Authority
*Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Belmont County Contributions	\$0	\$67,688	\$67,688	\$0
Intergovernmental	0	393,659	393,659	0
Miscellaneous	0	136,476	136,476	0
<i>Total Receipts</i>	<u>0</u>	<u>597,823</u>	<u>597,823</u>	<u>0</u>
Disbursements				
Current:				
Economic Development	1,584,346	2,182,142	1,752,074	430,068
<i>Total Disbursements</i>	<u>1,584,346</u>	<u>2,182,142</u>	<u>1,752,074</u>	<u>430,068</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,584,346)</u>	<u>(1,584,319)</u>	<u>(1,154,251)</u>	<u>430,068</u>
<i>Net Change in Fund Balance</i>	<u>(1,584,346)</u>	<u>(1,584,319)</u>	<u>(1,154,251)</u>	<u>430,068</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	1,582,596	1,582,596	1,582,596	0
Prior Year Encumbrances Appropriated	<u>1,750</u>	<u>1,750</u>	<u>1,750</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$0</u>	<u>\$27</u>	<u>\$430,095</u>	<u>\$430,068</u>

See accompanying notes to the basic financial statements

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NOTE 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Belmont County Port Authority, Belmont County, Ohio (the Port Authority), as a body corporate and politic. The Port Authority operates under the direction of a nine member Board of Directors. The Board is comprised of nine members appointed by the Belmont County Commissioners. The Port Authority is authorized to purchase, construct, sell, lease and operate facilities within its jurisdiction as enumerated in Ohio Revised Code Sections 4582.01 through 4582.20.

The Port Authority Board elects a chairperson, vice-chairperson, secretary and treasurer. The chairperson will preside over all meetings and will appoint committee members from the Port Authority Board as deemed necessary. The Port Authority Board may employ a director and other staff he deems necessary. The Port Authority was created to promote economic growth and development in the County.

The Port Authority is a discretely presented component unit in Belmont County's December 31, 2019. Comprehensive Annual Financial Reports, as defined by the provisions of GASB Statement Nos. 14 and No. 39. Also, Belmont County serves as the fiscal agent for the Port Authority. The Port Authority's management believes these financial statements represent all activities for which the Port Authority is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Port Authority's accounting policies.

A. Basis of Presentation

The Port Authority's basic financial statements consist of government-wide financial statements, including a statement of position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position presents the financial condition of the governmental activities of the Port Authority at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Port Authority's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges for services and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Port Authority, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Port Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

Fund Financial Statements

During the year, the Port Authority segregates transactions related to certain Port Authority functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Port Authority at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Port Authority uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Port Authority are governmental.

General Fund - This fund receives contributions from the primary government, Belmont County, for the general operations of the Port Authority. 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.

Eastern Ohio Regional Industrial Park Waterline Grant Fund – This capital projects fund received contributions from Belmont County to be used as matching funds for a grant to be used for waterline installation to and within the East Ohio Regional Industrial Park.

629 Roadwork Development Grant Fund – This capital projects fund accounted for the receipts and expenditures of a grant from the Ohio Department of Development for the construction of a road within the East Ohio Regional Industrial Park. It now only carries a balance of funds remaining after completion of the project.

Eastern Ohio Regional Industrial Park Fund – This capital projects fund received oil and gas lease payments from Rice Energy to be used for the Eastern Ohio Regional Industrial Park.

C. Basis of Accounting

The Port Authority's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Port Authority's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Port Authority are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Port Authority may appropriate.

The appropriations resolution is the Port Authority's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Port Authority. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Port Authority Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Port Authority.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Port Authority during the year.

E. Cash

The Belmont County Treasurer is custodian for the Port Authority's cash. The Port Authority's cash is held in the County's cash and investment pool, and is valued at the County Treasurer's carrying amount. Deposits and investment disclosures for the County as a whole may be obtained from the County.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Port Authority reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Port Authority reports advances-in and advances-out for interfund loans. There was an advance from the Belmont County Commission in the amount of \$100,000 during 2019 to assist with paving Jeru Park Drive. Funds were returned to the Commission on January 27, 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accumulated Leave

Upon leaving employment, employees are not entitled to cash payments for unused sick leave. Employees may be entitled to cash payments for unused vacation hours. Accumulated vacation hours are small and deemed insignificant. Unpaid vacation hours are not reflected as a liability under the Port Authority's cash basis of accounting.

K. Long-Term Obligations

The Port Authority's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither any other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

L. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for capital projects for waterline construction. The Port Authority's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

M. Fund Balance

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

Non-spendable The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Port Authority. Those committed amounts cannot be used for any other purpose unless the Port Authority removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Port Authority, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance (Continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the Port Authority for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Port Authority.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

NOTE 4 - COMPLIANCE

The Port Authority met the requirements of Ohio law.

NOTE 5 – EQUITY IN POOLED CASH

The Belmont County Auditor serves as fiscal agent of the Port Authority. The Ohio Revised Code prescribes allowable deposits and investments for both the Port Authority and the County. At December 31, 2019, the Port Authority had cash with a carrying amount of \$480,746, respectively, which are included in and collateralized with Belmont County's cash management pool.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description - Ohio Public Employees Retirement System (OPERS)

The Belmont County Auditor serves as the fiscal agent for the Port Authority. The Port Authority's employees are paid through Belmont County's payroll system.

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	<u>State and Local</u>
2019 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee*	10.0%
2019 Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits**	<u>0.0</u>
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

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

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$18,130 for the year 2019.

NOTE 7 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

The Belmont County Auditor serves as the fiscal agent for the Port Authority. The Port Authority's employees are paid through Belmont County's payroll system.

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

NOTE 7 – POSTEMPLOYMENT BENEFITS (Continued)

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2019, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's contractually required contribution was \$8,080 for 2019.

NOTE 8 – CONTINGENCIES

Grants

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

NOTE 9 – RELATED PARTY TRANSACTION

The Port Authority received operating subsidies of \$67,688 from the Belmont County Commissioners in 2019.

NOTE 10 – SUBSEQUENT EVENTS

On August 1, 2019, the Port Authority received \$100,000 from the Belmont County Commission as a loan for a paving project. The repayment to the Commission was not made until January 27, 2020.

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

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Belmont County Port Authority
Statement of Net Position - Cash Basis
December 31, 2018

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,630,941
<i>Total Assets</i>	<u>1,630,941</u>
Net Position	
Restricted for:	
Capital Projects	\$12,989
Unrestricted	<u>1,617,952</u>
<i>Total Net Position</i>	<u>\$1,630,941</u>

See accompanying notes to the basic financial statements

Belmont County Port Authority
Statement of Activities - Cash Basis
For the Year Ended December 31, 2018

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Economic Development	\$431,618	\$0	\$329,000	(\$102,618)
<i>Total Governmental Activities</i>	<u>\$431,618</u>	<u>\$0</u>	<u>\$329,000</u>	<u>(102,618)</u>
		General Receipts:		
		Contributions from Belmont County		71,250
		Sale of Property		576,211
		Gas and Oil		84,760
		Miscellaneous		<u>3,183</u>
		<i>Total General Receipts</i>		<u>735,404</u>
		Change in Net Position		632,786
		<i>Net Position Beginning of Year</i>		<u>998,155</u>
		<i>Net Position End of Year</i>		<u>\$1,630,941</u>

See accompanying notes to the basic financial statements

Belmont County Port Authority
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2018

	General	EORIP Capital Projects	EORIP Grant Fund	629 Grant Fund	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,584,346	\$33,606	\$12,558	\$431	\$1,630,941
<i>Total Assets</i>	<u>\$1,584,346</u>	<u>\$33,606</u>	<u>\$12,558</u>	<u>\$431</u>	<u>\$1,630,941</u>
Fund Balances					
Restricted	\$0	\$0	\$12,558	\$431	\$12,989
Assigned	1,226,517	33,606	0	0	1,260,123
Unassigned (Deficit)	357,829	0	0	0	357,829
<i>Total Fund Balances</i>	<u>\$1,584,346</u>	<u>\$33,606</u>	<u>\$12,558</u>	<u>\$431</u>	<u>\$1,630,941</u>

See accompanying notes to the basic financial statements

Belmont County Port Authority
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2018

	General	EORIP Capital Projects	EORIP Grant Fund	629 Grant Fund	Total Governmental Funds
Receipts					
Belmont County Contributions	\$71,250	\$0	\$0	\$0	\$71,250
Gas and Oil	84,760	0	0	0	84,760
Intergovernmental	329,000	0	0	0	329,000
Miscellaneous	3,183	0	0	0	3,183
<i>Total Receipts</i>	<u>488,193</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>488,193</u>
Disbursements					
Current:					
Economic Development	418,939	12,679	0	0	431,618
<i>Total Disbursements</i>	418,939	12,679	0	0	431,618
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>69,254</u>	<u>(12,679)</u>	<u>0</u>	<u>0</u>	<u>56,575</u>
Other Financing Sources (Uses)					
Sale of Property	576,211	0	0	0	576,211
<i>Total Other Financing Sources (Uses)</i>	<u>576,211</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>576,211</u>
<i>Net Change in Fund Balances</i>	645,465	(12,679)	0	0	632,786
<i>Fund Balances Beginning of Year</i>	<u>938,881</u>	<u>46,285</u>	<u>12,558</u>	<u>431</u>	<u>998,155</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,584,346</u></u>	<u><u>\$33,606</u></u>	<u><u>\$12,558</u></u>	<u><u>\$431</u></u>	<u><u>\$1,630,941</u></u>

See accompanying notes to the basic financial statements

Belmont County Port Authority
*Statement of Cash of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Belmont County Contributions	\$0	\$71,250	\$71,250	\$0
Gas and Oil	0	84,760	84,760	0
Intergovernmental	0	329,000	329,000	0
Miscellaneous	0	0	3,183	3,183
<i>Total Receipts</i>	0	485,010	488,193	3,183
Disbursements				
Current:				
Economic Development	938,882	1,423,892	420,690	1,003,202
<i>Total Disbursements</i>	938,882	1,423,892	420,690	1,003,202
<i>Excess of Receipts Over (Under) Disbursements</i>	(938,882)	(938,882)	67,503	1,006,385
Other Financing Sources (Uses)				
Sale of Property	0	0	576,211	576,211
<i>Total Other Financing Sources (Uses)</i>	0	0	576,211	576,211
<i>Net Change in Fund Balance</i>	(938,882)	(938,882)	643,714	1,582,596
<i>Unencumbered Fund Balance Beginning of Year</i>	922,283	922,283	922,283	0
Prior Year Encumbrances Appropriated	16,599	16,599	16,599	0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$1,582,596	\$1,582,596

See accompanying notes to the basic financial statements

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NOTE 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Belmont County Port Authority, Belmont County, Ohio (the Port Authority), as a body corporate and politic. The Port Authority operates under the direction of a nine member Board of Directors. The Board is comprised of nine members appointed by the Belmont County Commissioners. The Port Authority is authorized to purchase, construct, sell, lease and operate facilities within its jurisdiction as enumerated in Ohio Revised Code Sections 4582.01 through 4582.20.

The Port Authority Board elects a chairperson, vice-chairperson, secretary and treasurer. The chairperson will preside over all meetings and will appoint committee members from the Port Authority Board as deemed necessary. The Port Authority Board may employ a director and other staff he deems necessary. The Port Authority was created to promote economic growth and development in the County.

The Port Authority is a discretely presented component unit in Belmont County's December 31, 2018. Comprehensive Annual Financial Reports, as defined by the provisions of GASB Statement Nos. 14 and No. 39. Also, Belmont County serves as the fiscal agent for the Port Authority. The Port Authority's management believes these financial statements represent all activities for which the Port Authority is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Port Authority's accounting policies.

A. Basis of Presentation

The Port Authority's basic financial statements consist of government-wide financial statements, including a statement of position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position presents the financial condition of the governmental activities of the Port Authority at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Port Authority's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges for services and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Port Authority, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Port Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

Fund Financial Statements

During the year, the Port Authority segregates transactions related to certain Port Authority functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Port Authority at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Port Authority uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Port Authority are governmental.

General Fund - This fund receives contributions from the primary government, Belmont County, for the general operations of the Port Authority. 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.

Eastern Ohio Regional Industrial Park Waterline Grant Fund – This capital projects fund received contributions from Belmont County to be used as matching funds for a grant to be used for waterline installation to and within the East Ohio Regional Industrial Park.

629 Roadwork Development Grant Fund – This capital projects fund accounted for the receipts and expenditures of a grant from the Ohio Department of Development for the construction of a road within the East Ohio Regional Industrial Park. It now only carries a balance of funds remaining after completion of the project.

Eastern Ohio Regional Industrial Park Fund – This capital projects fund received oil and gas lease payments from Rice Energy to be used for the Eastern Ohio Regional Industrial Park.

C. Basis of Accounting

The Port Authority's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Port Authority's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Port Authority are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Port Authority may appropriate.

The appropriations resolution is the Port Authority's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Port Authority. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Port Authority Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Port Authority.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Port Authority during the year.

E. Cash

The Belmont County Treasurer is custodian for the Port Authority's cash. The Port Authority's cash is held in the County's cash and investment pool, and is valued at the County Treasurer's carrying amount. Deposits and investment disclosures for the County as a whole may be obtained from the County.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Port Authority reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Port Authority reports advances-in and advances-out for interfund loans. There were no advances during 2018.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accumulated Leave

Upon leaving employment, employees are not entitled to cash payments for unused sick leave. Employees may be entitled to cash payments for unused vacation hours. Accumulated vacation hours are small and deemed insignificant. Unpaid vacation hours are not reflected as a liability under the Port Authority's cash basis of accounting.

K. Long-Term Obligations

The Port Authority's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither any other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

L. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for capital projects for waterline construction. The Port Authority's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

M. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Port Authority. Those committed amounts cannot be used for any other purpose unless the Port Authority removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Port Authority, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance (Continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the Port Authority for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Port Authority.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

NOTE 4 - COMPLIANCE

The Port Authority met the requirements of Ohio law.

NOTE 5 – EQUITY IN POOLED CASH

The Belmont County Auditor serves as fiscal agent of the Port Authority. The Ohio Revised Code prescribes allowable deposits and investments for both the Port Authority and the County. At December 31, 2018, the Port Authority had cash with a carrying amount of \$1,630,941, respectively, which are included in and collateralized with Belmont County's cash management pool.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description - Ohio Public Employees Retirement System (OPERS)

The Belmont County Auditor serves as the fiscal agent for the Port Authority. The Port Authority's employees are paid through Belmont County's payroll system.

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
<p>Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit</p> <p>Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30</p> <p>Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30</p>	<p>Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit</p> <p>Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30</p> <p>Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30</p>	<p>Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit</p> <p>Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35</p> <p>Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35</p>

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	<u>State and Local</u>
2018 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee*	10.0%
2018 Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits**	<u>0.0</u>
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

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

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$17,285 for the year 2018.

NOTE 7 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

The Belmont County Auditor serves as the fiscal agent for the Port Authority. The Port Authority's employees are paid through Belmont County's payroll system.

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

NOTE 7 – POSTEMPLOYMENT BENEFITS (Continued)

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's contractually required contribution was \$7,483 for 2018.

NOTE 8 – CONTINGENCIES

Grants

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

NOTE 9 – RELATED PARTY TRANSACTION

The Port Authority received operating subsidies of \$71,250 from the Belmont County Commissioners in 2018.

NOTE 10 – SUBSEQUENT EVENTS

On December 11, 2018, the Port Authority received \$84,760 for an oil and gas lease, which was to be reimbursed to Martins Ferry. The payment to Martins Ferry was not made until January 2019.

On February 1, 2019, the Port Authority purchased 141.448 acres adjacent to the Eastern Ohio Regional Industrial Park, for \$7,000 per acre. Total expenditure \$990,328.

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OHIO AUDITOR OF STATE KEITH FABER



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

Belmont County Port Authority
Belmont County
101 North Market Street, Suite J
St, Clairsville, Ohio 43950

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities and each major fund of the Belmont County Port Authority, Belmont County, Ohio (the Port Authority), a component unit of Belmont County, Ohio, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated October 28, 2020, wherein we noted the Port Authority uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Port Authority.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 Finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Port Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Port Authority's Response to the Finding

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

October 28, 2020

**BELMONT COUNTY PORT AUTHORITY
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified and was codified as follows: GASB Cod. 1800.168-169 requires reporting funds whose revenue has external legal constraints as Restricted. GASB Cod. 1800.170-172 requires reporting funds whose revenue had constraints imposed by the Board, which could not be changed without Board approval, as Committed. GASB Cod. 1800.173-176 requires funds without external or internal constraints to report Assigned fund balances for amounts encumbered or set aside to cover the excess of subsequent year appropriations exceeding estimated revenue. GASB Cod. 1800.177 designates Unassigned fund balance as the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

During the audit period, the Port Authority incorrectly posted budgetary amounts to the financial statements.

During 2019, we noted the following:

- Original budgeted disbursements were understated by \$1,584,346;
- Final budgeted disbursements were understated by \$441,568;
- Actual expenditures were understated by \$11,500;
- Unencumbered Fund Balance Beginning of Year understated by \$1,224,767;
- Prior year encumbrances overstated by \$1,224,767;
- Unencumbered Fund Balance End of Year understated by \$11,500.

The Port Authority incorrectly classified \$441,595 of General Fund assigned balance as unassigned on the financial statements.

During 2018, we noted the following:

- Final budgeted revenue was overstated by \$579,394;
- Original budgeted expenditures were understated by \$938,881;
- Final budgeted expenditures were understated by \$1,004,953;
- Actual expenditures were understated by \$1,751;
- Unencumbered Fund Balance Beginning of Year understated by \$897,583;
- Prior year encumbrances overstated by \$539,753.
- Unencumbered Fund Balance End of Year understated by \$356,079.

The Port Authority incorrectly classified \$357,829 of General Fund assigned balance as unassigned on the financial statements.

**BELMONT COUNTY PORT AUTHORITY
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2019-001 (Continued)

Material Weakness (Continued)

Failure to properly report financial activity in accordance with generally accepted accounting principles could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the Port Authority's financial position and operations.

The Port Authority should take the necessary steps to ensure that all financial information of the Port Authority is properly presented in the Port Authority's basic financial statements.

Officials' Response: The Port Authority met with the audit staff to gain a better understanding of how the budget versus actual comparison is compiled and how the annual financial report is to be filed in the Hinkle System. The Port Authority will implement additional measures to assure a more accurate reporting.



BELMONT COUNTY PORT AUTHORITY

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	ORC §5705.41(D)(1) – non-compliance and material weakness – certifying funds	Fully Corrected	n/a

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OHIO AUDITOR OF STATE KEITH FABER



BELMONT COUNTY PORT AUTHORITY

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/12/2020

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