



OHIO AUDITOR OF STATE
KEITH FABER



**MIDDLETOWN PORT AUTHORITY
BUTLER COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Middletown Port Authority
Butler County
One Donham Plaza
Middletown, Ohio 45044

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Middletown Port Authority, Butler County, Ohio (the Authority), as of and for the years ended December 31, 2024 and 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 Middletown Port Authority, Butler County, Ohio as of December 31, 2024 and 2023, and the changes in financial position and its cash flows for the years 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2026, 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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 7, 2026

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Middletown Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2024
(Unaudited)

The discussion and analysis of the Middletown Port Authority (the “Port Authority”) financial performance provides an overall review of the financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the Port Authority’s financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Port Authority’s financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- The Port Authority’s cash balance decreased \$107,260 during 2024 to \$1,423,874 at December 31, 2024.
- The Port Authority’s net position decreased \$107,260 during 2024.

Using this Financial Report

This financial report contains the basic financial statements of the Port Authority, as well as the Management’s Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. As the Port Authority reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information are the same.

Statement of Net Position

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

Middletown Port Authority
 Butler County, Ohio
 Management's Discussion and Analysis
 December 31, 2024
 (Unaudited)

Table 1 provides a summary of the Port Authority's net position for 2024 and 2023.

Table 1 - Net Position

	2024	2023
Assets		
Current and Other Assets	\$ 1,483,874	\$ 1,531,134
Long-Term Assets	<u>2,154,372</u>	<u>2,214,372</u>
Total Assets	<u>3,638,246</u>	<u>3,745,506</u>
Liabilities		
Current Liabilities	68,280	8,280
Long-Term Liabilities	<u>2,100,000</u>	<u>2,160,000</u>
Total Liabilities	<u>2,168,280</u>	<u>2,168,280</u>
Net Position		
Restricted	766,556	833,834
Unrestricted	<u>703,410</u>	<u>743,392</u>
Total Net Position	<u>\$ 1,469,966</u>	<u>\$ 1,577,226</u>

The Port Authority's current assets decreased from 2023 to 2024 as a result of the Port Authority spending down cash balances to make interest payments on debt service that relates to the MADE project improvements – improvements that will ultimately be owned and maintained by other entities. Current liabilities increased from December 31, 2023 to December 31, 2024 as 2025 is the first year that principal is due on the outstanding debt issuance, and the amount due on the debt issuance within one year of \$60,000, is classified as a current liability.

Long-term assets and long-term liabilities both decreased \$60,000 from 2023 to 2024 as the amount of principal due within one year of \$60,000 (related to scheduled debt service activity that is funded by an intergovernmental agreement with the City of Middletown) was reclassified to short-term, from long-term, in connection with the debt service schedule. See Note 5 to the financial statements for more information on long-term obligations, and the offsetting intergovernmental receivable from the City of Middletown.

Middletown Port Authority
 Butler County, Ohio
 Management's Discussion and Analysis
 December 31, 2024
 (Unaudited)

Table 2 - Changes in Net Position

	2024	2023
Operating Revenues		
Charges for Services	\$ -	\$ -
Total Operating Revenues	- -	- -
Operating Expenses		
Purchased Services	39,982	10,540
Total Operating Expenses	39,982	10,540
Operating (Loss)	(39,982)	(10,540)
Nonoperating Revenues (Expenses)		
Interest Revenue	32,082	27,849
Interest and Fiscal Charges	(99,360)	(99,360)
Total Nonoperating Revenue (Expense)	(67,278)	(71,511)
Change in Net Position	(107,260)	(82,051)
Net Position Beginning of Year	1,577,226	1,659,277
Net Position, End of Year	<u>\$ 1,469,966</u>	<u>\$ 1,577,226</u>

Operating expenses were up in 2024 compared to 2023 as the Port Authority in 2024 was working on furthering additional, potentially-advancing projects.

Middletown Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2024
(Unaudited)

Capital Assets

The Port Authority reported no capital assets at December 31, 2024.

Debt

The Port Authority reported \$2,160,000 of revenue bonds payable at December 31, 2024. See Note 5 for more information on long-term obligations.

Contacting the Port Authority

This financial report is designed to provide a general overview of the finances of the Middletown Port Authority and to show the Port Authority's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Middletown Port Authority, Attn: City of Middletown Economic Development, One Donham Plaza, Middletown, Ohio 45042.

Middletown Port Authority
Butler County, Ohio
Statement of Net Position
December 31, 2024

Assets

Current Assets

Cash and Cash Equivalents	\$ 657,318
Restricted Cash and Cash Equivalents with Trustee	766,556
Receivables	
Intergovernmental	<u>60,000</u>
Total Current Assets	<u>1,483,874</u>

Long-Term Assets

Receivables	
Loan	54,372
Intergovernmental	<u>2,100,000</u>
Total Long-Term Assets	<u>2,154,372</u>

Total Assets

3,638,246

Liabilities

Current Liabilities

Accrued Interest Payable	8,280
Bonds Payable	<u>60,000</u>
Total Current Liabilities	<u>68,280</u>

Long-Term Liabilities

Revenue Bonds Payable	<u>2,100,000</u>
Total Liabilities	<u>2,168,280</u>

Net Position

Restricted:

MADE Industrial Drive Cooperative Agreement	766,556
Unrestricted	<u>703,410</u>
Total Net Position	<u><u>\$ 1,469,966</u></u>

Middletown Port Authority
 Butler County, Ohio
 Statement of Revenues, Expenses
 and Changes in Net Position
 For the Year Ended December 31, 2024

Operating Revenues	
Total Operating Revenues	\$ -
Operating Expenses	
Purchased Services	39,982
Total Operating Expenses	<u>39,982</u>
Operating Income (Loss)	<u>(39,982)</u>
Nonoperating Revenues (Expenses)	
Interest Revenue	32,082
Interest Expense	(99,360)
Total Nonoperating Revenues (Expenses)	<u>(67,278)</u>
Change in Net Position	(107,260)
Net Position Beginning of Year	1,577,226
Net Position End of Year	<u>\$ 1,469,966</u>

Middletown Port Authority
Butler County, Ohio
Statement of Cash Flows
For the Year Ended December 31, 2024

Cash Flows from Operating Activities	
Cash Payments to Suppliers for Goods and Services	\$ (39,982)
Net Cash Provided (Used) by Operating Activities	<u>(39,982)</u>
 Cash Flows from Capital and Related Financing Activities	
Interest Paid	(99,360)
Net Cash Provided (Used) by Cash Flows from Capital and Related Financing Activities	<u>(99,360)</u>
 Cash Flows from Investing Activities	
Interest Received	32,082
Net Cash Provided (Used) by Investing Activities	<u>32,082</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	(107,260)
 Cash and Cash Equivalents at Beginning of Year	1,531,134
Cash and Cash Equivalents at End of Year	<u>\$ 1,423,874</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (39,982)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	<u>-</u>
 Net Cash Provided (Used) by Operating Activities	<u>\$ (39,982)</u>

Middletown Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2024

1. DESCRIPTION OF THE REPORTING ENTITY

The Middletown Port Authority (the “Port Authority”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority was established in January 2021 pursuant to section 4582.22 of the Ohio Revised Code by resolution of the Middletown City Council. The seven voting member Board of Directors directs the Port Authority.

The Port Authority provides services that are enumerated in Sections 4582.21 to 4582.29 of the Ohio Revised Code. The services include but are not limited to the power to purchase, construct, reconstruct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities.

The Port Authority is reported as a component unit of the City of Middletown, Butler County, Ohio, as defined by the provisions of GASB statement numbers 14 and 39. As such, its activities are reported within the City’s Annual Comprehensive Financial Report.

The Port Authority’s management believes these financial statements represent all activities for which the Port Authority is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of Middletown Port Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Middletown Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2024

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all asset and all liabilities are included on the statement of net position. Equity (i.e., net position) consists of retained earnings. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Cash and Cash Equivalents

The Port Authority maintains a cash management program whereby cash is deposited with a banking institution in Butler County. The agreements restrict activity to certain deposits. These deposits are stated at cost which approximates market value. Investment procedures are restricted by the provisions of the Ohio Revised Code.

D. Loan Receivable

The Port Authority has a loan receivable from Torchlight Pass LLC that matures in 2025. In 2024, the Port Authority collected \$0 on this loan receivable bringing the December 31, 2024, balance on the loan to \$54,372.

E. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the Port Authority's primary mission. For the Port Authority, operating revenues include intergovernmental contributions to fund operations and local business contributions to work on grant applications, as well as administrative fees charged to cover operating expenses. Operating expenses are necessary costs incurred to support the Port Authority's primary mission.

Non-operating revenues and expenses are those that are not generated directly by the Port Authority's primary mission. Various state grants, local government contributions, interest income and expenses comprise the non-operating revenues and expenses of the Port Authority.

Middletown Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2024

F. Accrued Liabilities

In general, payables and accrued liabilities are reported as obligations regardless of whether they will be liquidated with current resources.

G. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Port Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. DEPOSITS AND INVESTMENTS

In accordance with state statute, active deposits are designated as public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Port Authority Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Middletown Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2024

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Port Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money have been followed, noncompliance with Federal requirements could potentially subject the Port Authority to a successful claim by the Federal Deposit Insurance Corporation.

The Port Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

- Eligible securities pledged to the Port Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or
- 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year-end, the carrying amount of the Port Authority's deposits was \$1,423,874 and the bank balance was \$1,423,874. Federal depository insurance covered \$500,000 of the bank balance.

4. RISK MANAGEMENT

The Port Authority is covered by general liability and public official liability insurance. Settled claims have not exceeded insurance coverage in the past three years.

Middletown Port Authority
 Butler County, Ohio
 Notes to the Basic Financial Statements
 December 31, 2024

5. LONG-TERM OBLIGATIONS

Revenue Bonds Payable

Changes in the Port Authority's long-term liabilities for the year ended December 31, 2024, were as follows:

	Beginning Balance	Deletions	Ending Balance	Due Within One Year
Revenue Bonds Payable 4.60%	\$ 2,160,000	\$ -	\$ 2,160,000	\$ 60,000

The revenue bonds payable were issued in 2021 for the purposes of acquiring and constructing certain public infrastructure improvements, in relation to the MADE project. The Port Authority has an intergovernmental agreement with the City of Middletown that provides for the City to make the semi-annual payments to the debt service trustee in the exact amounts of the debt service that is due, if there are not sufficient funds available to cover the debt service from other sources, which the Port Authority believes is likely based on the facts and circumstance surrounding this project. While the Port Authority was the issuer on these bonds, the City is the third-party obligor on the bonds, and the City is also part of the same reporting unit as the Port Authority since the Port Authority is a component unit of the City of Middletown. Accordingly, at December 31, 2024, the Port Authority recorded the above debt as an obligation (as opposed to conduit debt) and recorded an offsetting intergovernmental receivable from the City of Middletown for the amount of the outstanding revenue bonds payable.

Principal and interest requirements to retire the bonds payable, as of December 31, 2024, are as follows:

Revenue Bonds Payable				
Year	Principal	Interest	Total	
2025	\$ 60,000	\$ 98,670	\$ 158,670	
2026	60,000	95,910	155,910	
2027	65,000	93,150	158,150	
2028	70,000	90,045	160,045	
2029	70,000	86,825	156,825	
2030-2034	405,000	382,260	787,260	
2035-2039	505,000	278,760	783,760	
2040-2044	925,000	148,580	1,073,580	
Total	<u>\$ 2,160,000</u>	<u>\$ 1,274,200</u>	<u>\$ 3,434,200</u>	

Middletown Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2024

6. CONTRIBUTIONS FROM THE CITY OF MIDDLETOWN

During 2024, the Port Authority received \$0 in operating contributions from the City of Middletown for operating purposes and project development.

7. SUBSEQUENT EVENTS

The Port Authority evaluated the effects subsequent events would have on the financial statements through the date of the auditor's report, which is the date that financial statements were available for issuance.

8. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the year ended December 31, 2024, the Port Authority has implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 100, *Accounting Changes and Error Corrections*
- GASB Statement No. 101, *Compensated Absences*

The implementation of these GASB Statements did not have an effect on the Port Authority's 2024 financial statements.

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Middletown Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2023
(Unaudited)

The discussion and analysis of the Middletown Port Authority (the “Port Authority”) financial performance provides an overall review of the financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the Port Authority’s financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Port Authority’s financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- The Port Authority’s cash balance decreased \$82,051 during 2023 to \$1,531,134 at December 31, 2023.
- The Port Authority’s net position decreased \$82,051 during 2023.

Using this Financial Report

This financial report contains the basic financial statements of the Port Authority, as well as the Management’s Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. As the Port Authority reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information are the same.

Statement of Net Position

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

Middletown Port Authority
 Butler County, Ohio
 Management's Discussion and Analysis
 December 31, 2023
 (Unaudited)

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

Table 1 - Net Position

	2023	2022
Assets		
Current and Other Assets	\$ 1,531,134	\$ 1,613,185
Long-Term Assets	<u>2,214,372</u>	<u>2,214,372</u>
Total Assets	<u>3,745,506</u>	<u>3,827,557</u>
 Liabilities		
Current Liabilities	8,280	8,280
Long-Term Liabilities	<u>2,160,000</u>	<u>2,160,000</u>
Total Liabilities	<u>2,168,280</u>	<u>2,168,280</u>
 Net Position		
Restricted	833,834	905,345
Unrestricted	<u>743,392</u>	<u>753,932</u>
Total Net Position	<u>\$ 1,577,226</u>	<u>\$ 1,659,277</u>

The Port Authority's current assets decreased from 2022 to 2023 as a result of the Port Authority spending down cash balances to make interest payments on debt service that relates to the MADE project improvements – improvements that will ultimately be owned and maintained by other entities. Current liabilities remained flat from December 31, 2022 to December 31, 2023.

Long-term assets and long-term liabilities remained flat from 2022 to 2023 and are related to scheduled debt service activity that is funded by an intergovernmental agreement with the City of Middletown. See Note 5 to the financial statements for more information on long-term obligations, and the offsetting intergovernmental receivable from the City of Middletown.

Middletown Port Authority
 Butler County, Ohio
 Management's Discussion and Analysis
 December 31, 2023
 (Unaudited)

Table 2 - Changes in Net Position

	2023	2022
Operating Revenues		
Charges for Services	\$ -	\$ 268,700
Total Operating Revenues	<u>-</u>	<u>268,700</u>
Operating Expenses		
Purchased Services	10,540	87,938
Contractual Services	<u>-</u>	<u>599,699</u>
Total Operating Expenses	<u>10,540</u>	<u>687,637</u>
Operating (Loss)	<u>(10,540)</u>	<u>(418,937)</u>
Nonoperating Revenues (Expenses)		
Interest Revenue	27,849	3,689
Intergovernmental Revenue	<u>-</u>	<u>47,250</u>
Interest and Fiscal Charges	<u>(99,360)</u>	<u>(93,634)</u>
Total Nonoperating Revenue (Expense)	<u>(71,511)</u>	<u>(42,695)</u>
Change in Net Position	(82,051)	(461,632)
Net Position Beginning of Year	<u>1,659,277</u>	<u>2,120,909</u>
Net Position, End of Year	<u>\$ 1,577,226</u>	<u>\$ 1,659,277</u>

During 2022, the Port Authority realized charges for services as the Port Authority was involved with several potentially-advancing projects within the City of Middletown. There were no such charges for services for 2023. Operating expenses were down in 2023, compared to 2022, as the Port Authority was not working on furthering potentially-advancing projects during 2023.

Middletown Port Authority
Butler County, Ohio
Management's Discussion and Analysis
December 31, 2023
(Unaudited)

Capital Assets

The Port Authority reported no capital assets at December 31, 2023.

Debt

The Port Authority reported \$2,160,000 of revenue bonds payable at December 31, 2023. See Note 5 for more information on long-term obligations.

Contacting the Port Authority

This financial report is designed to provide a general overview of the finances of the Middletown Port Authority and to show the Port Authority's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Middletown Port Authority, Attn: City of Middletown Economic Development, One Donham Plaza, Middletown, Ohio 45042.

Middletown Port Authority
 Butler County, Ohio
 Statement of Net Position
 December 31, 2023

Assets

Current Assets

Cash and Cash Equivalents	\$ 697,300
Restricted Cash and Cash Equivalents with Trustee	<u>833,834</u>

Total Current Assets 1,531,134

Long-Term Assets

Receivables

Loan	54,372
Intergovernmental	<u>2,160,000</u>

Total Long-Term Assets 2,214,372

Total Assets

3,745,506

Liabilities

Current Liabilities

Accrued Interest Payable	<u>8,280</u>

Long-Term Liabilities

Revenue Bonds Payable	<u>2,160,000</u>

Total Liabilities

2,168,280

Net Position

Restricted:

MADE Industrial Drive Cooperative Agreement	833,834
Unrestricted	<u>743,392</u>

Total Net Position

\$ 1,577,226

Middletown Port Authority
 Butler County, Ohio
 Statement of Revenues, Expenses
 and Changes in Net Position
 For the Year Ended December 31, 2023

Operating Revenues	
Total Operating Revenues	\$ -
Operating Expenses	
Purchased Services	10,540
Total Operating Expenses	<u>10,540</u>
Operating Income (Loss)	<u>(10,540)</u>
Nonoperating Revenues (Expenses)	
Interest Revenue	27,849
Interest Expense	(99,360)
Total Nonoperating Revenues (Expenses)	<u>(71,511)</u>
Change in Net Position	(82,051)
Net Position Beginning of Year	1,659,277
Net Position End of Year	<u>\$ 1,577,226</u>

Middletown Port Authority
Butler County, Ohio
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities	
Cash Payments to Suppliers for Goods and Services	\$ (10,540)
Net Cash Provided (Used) by Operating Activities	<u>(10,540)</u>
 Cash Flows from Capital and Related Financing Activities	
Interest Paid	(99,360)
Net Cash Provided (Used) by Cash Flows from Capital and Related Financing Activities	<u>(99,360)</u>
 Cash Flows from Investing Activities	
Interest Received	27,849
Net Cash Provided (Used) by Investing Activities	<u>27,849</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	(82,051)
 Cash and Cash Equivalents at Beginning of Year	1,613,185
Cash and Cash Equivalents at End of Year	<u>\$ 1,531,134</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (10,540)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	<u>-</u>
 Net Cash Provided (Used) by Operating Activities	<u>\$ (10,540)</u>

Middletown Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2023

1. DESCRIPTION OF THE REPORTING ENTITY

The Middletown Port Authority (the “Port Authority”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority was established in January 2021 pursuant to section 4582.22 of the Ohio Revised Code by resolution of Butler County. The seven voting member Board of Directors directs the Port Authority.

The Port Authority provides services that are enumerated in Sections 4582.21 to 4582.29 of the Ohio Revised Code. The services include but are not limited to the power to purchase, construct, reconstruct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities.

The Port Authority is reported as a component unit of the City of Middletown, Butler County, Ohio, as defined by the provisions of GASB statement numbers 14 and 39. As such, its activities are reported within the City’s Annual Comprehensive Financial Report.

The Port Authority’s management believes these financial statements represent all activities for which the Port Authority is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of Middletown Port Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Middletown Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2023

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all asset and all liabilities are included on the statement of net position. Equity (i.e., net position) consists of retained earnings. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Cash and Cash Equivalents

The Port Authority maintains a cash management program whereby cash is deposited with a banking institution in Butler County. The agreements restrict activity to certain deposits. These deposits are stated at cost which approximates market value. Investment procedures are restricted by the provisions of the Ohio Revised Code.

D. Loan Receivable

The Port Authority has a loan receivable from Torchlight Pass LLC that matures in 2025. In 2023, the Port Authority collected \$0 on this loan receivable bringing the December 31, 2023, balance on the loan to \$54,372.

E. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the Port Authority's primary mission. For the Port Authority, operating revenues include intergovernmental contributions to fund operations and local business contributions to work on grant applications, as well as administrative fees charged to cover operating expenses. Operating expenses are necessary costs incurred to support the Port Authority's primary mission.

Non-operating revenues and expenses are those that are not generated directly by the Port Authority's primary mission. Various state grants, local government contributions, interest income and expenses comprise the non-operating revenues and expenses of the Port Authority.

Middletown Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2023

F. Accrued Liabilities

In general, payables and accrued liabilities are reported as obligations regardless of whether they will be liquidated with current resources.

G. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Port Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. DEPOSITS AND INVESTMENTS

In accordance with state statute, active deposits are designated as public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Port Authority Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Middletown Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2023

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Port Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money have been followed, noncompliance with Federal requirements could potentially subject the Port Authority to a successful claim by the Federal Deposit Insurance Corporation.

The Port Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

- Eligible securities pledged to the Port Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or
- 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year-end, the carrying amount of the Port Authority's deposits was \$1,531,134 and the bank balance was \$1,531,134. Federal depository insurance covered \$500,000 of the bank balance.

4. RISK MANAGEMENT

The Port Authority is covered by general liability and public official liability insurance. Settled claims have not exceeded insurance coverage in the past three years.

Middletown Port Authority
 Butler County, Ohio
 Notes to the Basic Financial Statements
 December 31, 2023

5. LONG-TERM OBLIGATIONS

Revenue Bonds Payable

Changes in the Port Authority's long-term liabilities for the year ended December 31, 2023, were as follows:

	Beginning Balance	Deletions	Ending Balance	Due Within One Year
Revenue Bonds Payable 4.60%	\$ 2,160,000	\$ -	\$ 2,160,000	\$ -

The revenue bonds payable were issued in 2021 for the purposes of acquiring and constructing certain public infrastructure improvements, in relation to the MADE project. The Port Authority has an intergovernmental agreement with the City of Middletown that provides for the City to make the semi-annual payments to the debt service trustee in the exact amounts of the debt service that is due, if there are not sufficient funds available to cover the debt service from other sources, which the Port Authority believes is likely based on the facts and circumstance surrounding this project. While the Port Authority was the issuer on these bonds, the City is the third-party obligor on the bonds, and the City is also part of the same reporting unit as the Port Authority since the Port Authority is a component unit of the City of Middletown. Accordingly, at December 31, 2023, the Port Authority recorded the above debt as an obligation (as opposed to conduit debt) and recorded an offsetting intergovernmental receivable from the City of Middletown for the amount of the outstanding revenue bonds payable.

Principal and interest requirements to retire the bonds payable, as of December 31, 2023, are as follows:

Revenue Bonds Payable				
Year	Principal	Interest	Total	
2024	\$ -	\$ 99,360	\$ 99,360	
2025	60,000	98,670	158,670	
2026	60,000	95,910	155,910	
2027	65,000	93,150	158,150	
2028	70,000	90,045	160,045	
2029-2033	385,000	400,200	785,200	
2034-2038	485,000	301,300	786,300	
2039-2043	615,000	177,215	792,215	
2044	420,000	17,710	437,710	
Total	\$ 2,160,000	\$ 1,373,560	\$ 3,533,560	

Middletown Port Authority
Butler County, Ohio
Notes to the Basic Financial Statements
December 31, 2023

6. CONTRIBUTIONS FROM THE CITY OF MIDDLETOWN

During 2023, the Port Authority received \$0 in operating contributions from the City of Middletown for operating purposes and project development.

7. SUBSEQUENT EVENTS

The Port Authority evaluated the effects subsequent events would have on the financial statements through the date of the auditor's report, which is the date that financial statements were available for issuance.

8. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the year ended December 31, 2023, the Port Authority has implemented the following Governmental Accounting Standards Board (GASB) Statements:

- *GASB 94, Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*
- *GASB 96, Subscription-Based Information Technology Arrangements*
- *GASB 99, Omnibus 2022*

The implementation of these GASB Statements did not have an effect on the Port Authority's 2023 financial statements.

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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

Middletown Port Authority
Butler County
One Donham Plaza
Middletown, OH 45044

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 Middletown Port Authority, Butler County, (the Authority) as of and for the years ended December 31, 2024 and 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 January 7, 2026.

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 City'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*.

Middletown Port Authority
Butler County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 7, 2026



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2024 AND 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Financial Reporting	Fully Corrected	

OHIO AUDITOR OF STATE KEITH FABER



MIDDLETOWN PORT AUTHORITY

BUTLER 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 2/10/2026

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