



**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
Compilation Report
For the Year Ended December 31, 2021**

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**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY**

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Southeastern Ohio Port Authority
Washington County
240 Front Street
Marietta, Ohio 45750

To the Board of Directors:

Management is responsible for the accompanying financial statements of the **Southeastern Ohio Port Authority** (the Authority), which comprise the statement of financial position as of December 31, 2021, and the related statement of revenues, expenses and changes in net position and statement of cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Generally Accepted Accounting Principles require that management's discussion and analysis, on pages 3 through 8 and the *Schedule of the Authority's Proportionate Share of the Net Pension Liability, Schedule of the Authority's Pension Contributions, Schedule of the Authority's Proportionate Share of the Net OPEB Liability, and Schedule of the Authority's OPEB Contributions* on pages 33 through 39 are presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the financial statements in an appropriate operational, economic, or historical context. Such information has been compiled by us without audit or review and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on it.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

April 11, 2022

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**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

The Southeastern Ohio Port Authority's (the Authority) Management's Discussion and Analysis is designed to a) assist the reader in focusing on significant financial issues; b) provide an overview of the Authority's financial activity; c) identify changes in the Authority's financial position (its ability to address the next and subsequent years challenges); and d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,236,980 at the close of the year ended December 31, 2021. Of this amount, the Authority had an unrestricted balance of \$263,767 that may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net position decreased by \$726,800. This decrease is attributable to expenses exceeding revenues.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The Authority's basic financial statements consist of the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows, and the accompanying notes to the basic financial statements. These statement report information about the Authority and its activities.

The Authority utilizes a single enterprise fund using proprietary fund accounting. The enterprise method of accounting is similar to accounting used by private sector accounting. The statements are presented using the economic resources measurement focus and the accrual basis of accounting. In addition to the basic financial statements, the Authority presents required supplementary information which discloses information about the Authority's net pension and net OPEB liability.

The statement of net position is similar to a balance sheet. This statement reports the resources owned by the Authority (assets and deferred outflows of resources), obligations owed by the Authority (liabilities and deferred inflows of resources), and the Authority's net position (the difference between these components).

The focus of the statement of net position (unrestricted net position) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position is reported in three broad categories:

Investment in Capital Assets: This component of net position consists of all capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This component of net position consists of restricted assets, upon which constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted: Consists of net position that does not meet the definition of Net Investment in Capital Assets, or Restricted.

The statement of revenues, expenses and change in net position is similar to an income statement. This statement includes operating revenues, operating expenses, and non-operating revenue and expenses.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

OVERVIEW OF BASIC FINANCIAL STATEMENTS (CONTINUED)

Revenue is reported when earned and expenses are reported when incurred.

The focus of the statement of revenues, expenses and changes in net position is the "change in net position", which is similar to net income or loss.

The statement of cash flows provides information about the Authority's cash receipts and disbursements during the year. It summarizes net changes in cash resulting from operating, investing, and financing activities.

The notes to the financial statements provide additional information that is essential for a full understanding of the financial statements.

NET POSITION

The statement of net position looks at the Authority as a whole. Capital assets are reported less accumulated depreciation. The Authority is engaged only in business-type activities. Table 1 provides a summary of the Authority's net position for 2021 compared to 2020:

	Table 1 Net Position		
	2021	2020	Change
Assets			
Current Assets	\$ 441,495	\$ 504,067	\$ (62,572)
Net OPEB Asset	10,850	-	10,850
Capital Assets, Net	973,213	2,028,859	(1,055,646)
<i>Total Assets</i>	<u>1,425,558</u>	<u>2,532,926</u>	<u>(1,107,368)</u>
Deferred Outflows of Resources			
Pension	17,751	29,280	(11,529)
OPEB	5,544	21,695	(16,151)
<i>Total Outflows of Resources</i>	<u>23,295</u>	<u>50,975</u>	<u>(27,680)</u>
Liabilities			
Current and Other Liabilities	87,484	52,068	35,416
Long-Term Liabilities:			
Due Within One Year	2,159	32,374	(30,215)
Due in More than One Year:			
Net Pension Liability	30,208	91,713	(61,505)
Net OPEB Liability	-	91,992	(91,992)
Other Amounts	-	305,724	(305,724)
<i>Total Liabilities</i>	<u>119,851</u>	<u>573,871</u>	<u>(454,020)</u>
Deferred Inflows of Resources			
Pension	51,379	26,569	24,810
OPEB	40,643	19,681	20,962
<i>Total Deferred Inflows of Resources</i>	<u>92,022</u>	<u>46,250</u>	<u>45,772</u>
Net Position			
Investment in Capital Assets	973,213	1,692,638	(719,425)
Unrestricted	263,767	271,142	(7,375)
<i>Total Net Position</i>	<u>\$ 1,236,980</u>	<u>\$ 1,963,780</u>	<u>\$ (726,800)</u>

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

NET POSITION (CONTINUED)

The net pension liability is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27. GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" significantly revised accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by including deferred inflows related to pension and OPEB, and the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Standards set by the Governmental Accounting Standards Board are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension and OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 requires the net pension liability and the net OPEB liability to equal the Authority's proportional share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension and OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

NET POSITION (CONTINUED)

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Net position decreased by \$726,800 in total or 37.0%. Assets and deferred outflows decreased by \$1,135,048 in total. This decrease is attributable to the sale of the Ingenuity Center, but offset by the purchase of the Muskingum River Industrial Park (MRIP) and Net OPEB Asset. Liabilities and deferred inflows decreased by \$408,248. This decrease is attributable to the large decrease in the Net Pension Liability and to the outstanding loans payable being paid off by year-end.

CHANGES IN UNRESTRICTED NET ASSETS

Table 2 presents details on the changes in unrestricted net assets.

**Table 2
Changes in Unrestricted Net Assets**

	<u>2021</u>	<u>2020</u>
Beginning Unrestricted	\$ 271,142	\$ 164,258
Results of Operations	(7,375)	106,884
Ending Unrestricted	<u>\$ 263,767</u>	<u>\$ 271,142</u>

While the result of operations is a significant measure of the Authority's activities, the analysis of the changes in unrestricted funds provide a clearer change in the financial well-being.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

Table 3 reflects the changes in net position for 2021 as compared to 2020:

**Table 3
Changes in Net Position**

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Operating Revenues			
Donations	\$ 74,486	\$ 73,750	\$ 736
Charges for Services	472,533	38,257	434,276
Rent	-	138,047	(138,047)
County Contributions	75,000	79,970	(4,970)
Miscellaneous	3,551	22,522	(18,971)
<i>Total Operating Revenues</i>	<u>625,570</u>	<u>352,546</u>	<u>273,024</u>
Operating Expenses			
Salaries and Benefits	87,220	135,498	(48,278)
Contractual Services	45,266	39,047	6,219
Office Expenses, Professional Fees, Travel and Memberships, and Marketing	34,266	17,588	16,678
Insurance and Bonding	2,721	3,326	(605)
Depreciation	-	43,202	(43,202)
<i>Total Operating Expenses</i>	<u>169,473</u>	<u>238,661</u>	<u>(69,188)</u>
Non-Operating Revenues/(Expenses)			
Interest Income	405	1,220	(815)
Interest and Fiscal Charges	(5,580)	(5,136)	(444)
Loss on Sale of Asset	(1,177,722)	-	(1,177,722)
<i>Total Non-Operating Revenues/(Expenses)</i>	<u>(1,182,897)</u>	<u>(3,916)</u>	<u>(1,259)</u>
 Change in Net Position	 (726,800)	 109,969	 (836,769)
Net Position, Beginning of Year	1,963,780	1,853,811	109,969
<i>Net Position, End of Year</i>	<u>\$ 1,236,980</u>	<u>\$ 1,963,780</u>	<u>\$ (726,800)</u>

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating revenues increased \$273,024 or 77.4% mainly due to the increase in charges for services. Operating expenses decreased \$69,188 or 28.9% due to the large decrease in salaries and benefits expense from the net OPEB liability in 2020 changing to an a net OPEB asset in 2021. In January 2021, the Authority sold the only depreciable asset. This accounted for no depreciation expense on the financials and also contributed to the decrease in operating expenses.

For 2021, the largest operating revenue was Charges for Services, accounting for \$472,533 or 75.5% of the total operating revenues. This increase was mainly due to the ground lease revenue. Two of the next largest operating revenues are donations and county contributions in the amounts of \$74,486 and \$75,000 respectively. These amounts collectively represent 23.9% of total operating revenues and demonstrate the reliance the Authority has on these revenues from outside sources.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

RECAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the Authority had \$973,213 invested in capital assets, net of accumulated depreciation. Table 4 shows 2021 balances compared to 2020.

**Table 4
Capital Assets, Net of Depreciation**

	2021	2020
Land	\$ 924,389	\$ 124,950
Construction in Process	42,824	30,470
Buildings and Improvements	-	1,866,705
Machinery and Equipment	6,000	6,734
Totals	<u>\$ 973,213</u>	<u>\$ 2,028,859</u>

The total decrease in the Authority's capital assets, net of accumulated depreciation, for the current year was \$1,044,796, or 51.5%. This change is mainly due to the selling of the Ingenuity Center, but offset by the purchase of the MRIP.

For additional information on capital assets, see Note 4 to the basic financial statements.

Debt

At December 31, 2021, the Authority has no outstanding debt, however, the Authority's long-term obligations consist of the net pension liability and sick leave payables. For additional information on the Authority's long-term obligations, see Note 10 to the basic financial statements.

CURRENT ISSUES

Jesse Roush, Executive Director, effectively managed the Authority and economic development activities guided by a Board of Directors led by Chairman Hal Payne. The Authority's Board of Directors meet every month, at venues throughout the county. The Authority utilizes Board Committees to monitor specific functions, and Committee Chairs select various Board Members and volunteers to service on their Committees.

The Authority operates out of the Courthouse Annex located at 223 Putnam Street in downtown Marietta.

CONTACT INFORMATION

The financial report is designed to provide our citizens, taxpayers, contributors, and creditors with a general overview of the Authority's finances and to reflect the Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jesse Roush, Executive Director, Southeastern Ohio Port Authority, 223 Putnam Street, Marietta, Ohio 45750.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 440,605
Prepaid Items	890
Total Current Assets	<u>441,495</u>

Non-Current Assets:

Net OPEB Asset	10,850
Non-Depreciable Capital Assets	967,213
Depreciable Capital Assets, Net	6,000
Total Non-Current Assets	<u>984,063</u>

Deferred Outflows of Resources

Pension	17,751
OPEB	5,544
Total Outflows of Resources	<u>23,295</u>

Total Assets and Deferred Outflows	<u><u>\$ 1,448,853</u></u>
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Liabilities and Net Position

Liabilities:

Current Liabilities:

Accrued Payroll and Taxes	\$ 8,337
Accounts Payable	62,801
Accrued Leave Benefits Payable	16,346
Total Current Liabilities	<u>87,484</u>

Long-Term Liabilities:

Long-Term Sick Leave Payable	2,159
Net Pension Liability	30,208
Total Long-Term Liabilities	<u>32,367</u>

Deferred Inflows of Resources

Pension	51,379
OPEB	40,643
Total Deferred Inflows of Resources	<u>92,022</u>

Total Liabilities and Deferred Inflows	<u>211,873</u>
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Net Position:

Investment in Capital Assets	973,213
Unrestricted	263,767

Total Net Position	<u><u>\$ 1,236,980</u></u>
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See Independent Accountants' Compilation Report and the related notes to the financial statements.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021**

Operating Revenues:

Donations	\$ 74,486
Charges for Services	472,533
County Contribution	75,000
Miscellaneous	3,551
Total Operating Revenues	<u>625,570</u>

Operating Expenses:

Salaries and Benefits	87,220
Contractual Services	45,266
Office Expenses	27,792
Professional Fees	1,093
Travel and Memberships	3,970
Marketing	1,411
Insurance and Bonding	2,721
Total Operating Expenses	<u>169,473</u>

Operating Income	<u>456,097</u>
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Non-Operating Revenues/(Expenses)

Interest Income	405
Interest and Fiscal Charges	(5,580)
Loss on Sale of Asset	(1,177,722)
Total Non-Operating Revenues/(Expenses)	<u>(1,182,897)</u>

Change in Net Position	(726,800)
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Net Position, Beginning of Year	<u>1,963,780</u>
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Net Position, End of Year	<u><u>\$ 1,236,980</u></u>
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See Independent Accountants' Compilation Report and the related notes to the financial statements.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Donors	\$ 149,486
Cash Received from Customers	545,095
Cash Payments for Employee Services and Benefits	(143,217)
Cash Payments for Goods and Services	(59,753)
Other Operating Revenues	<u>3,551</u>

Net Cash Provided by Operations	<u>495,162</u>
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Cash Flows from Capital and Related Financing Activities:

Payments for Capital Acquisitions	(1,343,776)
Proceeds from Sale of Asset Debt	1,200,000
Proceeds	495,000
Principal Paid on Debt	(831,221)
Interest Paid on Debt	<u>(5,580)</u>

Net Cash Used by Capital and Related Financing Activities	<u>(485,577)</u>
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Cash Flows from Investing Activities:

Interest Earned from Bank Accounts	<u>405</u>
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Net Cash Provided by Investing Activities	<u>405</u>
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Net Increase in Cash and Cash Equivalents	9,990
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Cash and Cash Equivalents - January 1	<u>430,615</u>
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Cash and Cash Equivalents - December 31	<u><u>\$ 440,605</u></u>
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**Adjustments to Reconcile Operating Income to Cash Flows
From Operating Activities**

Net Operating Income	\$ 456,097
Decrease/(Increase) in Accounts Receivable	72,562
Decrease/(Increase) in Deferred Outflows - Pension and OPEB	27,680
Increase/(Decrease) in Accrued Payroll and Taxes	2,182
Increase/(Decrease) in Accounts Payable	62,779
Increase/(Decrease) in Intergovernmental Payable	(39,445)
Increase/(Decrease) in Accrued Interest Payable	(834)
Increase/(Decrease) in Accrued Leave Benefits Payable	10,734
Increase/(Decrease) in Sick Leave Payable	282
Increase/(Decrease) in Net Pension and OPEB Liability/(Asset)	(142,647)
Increase (Decrease) in Deferred Inflows - Pension and OPEB	<u>45,772</u>

Total Adjustments	<u>39,065</u>
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Net Cash Provided by Operating Activities	<u><u>\$ 495,162</u></u>
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See Independent Accountants' Compilation Report and the related notes to the financial statements.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 – REPORTING ENTITY

The Southeastern Ohio Port Authority, Washington County, (the Authority), was created during 2003 by the Washington County Commissioners pursuant to Sections 4582.202 through 4582.58, inclusive of the Ohio Revised Code, for the purpose of promoting the manufacturing, commerce, distribution, research, and development interests of Southeastern Ohio, including rendering financial and other assistance to such enterprises situated in the region. Other purposes include inducing the location in Southeastern Ohio of other manufacturing, commerce, distribution, and research entities to purchase, subdivide, sell and lease real property in Southeastern Ohio. The Authority also strives to erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Southeastern Ohio.

The Authority's Board of Directors consists of the number of Directors it deems necessary and they are appointed by the Washington County Commissioners. As such, it is considered a discretely presented component unit of Washington County. Currently, eleven Directors serve on the Board.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

The Authority's financial statements consist of government-wide statements, including a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

B. Measurement Focus

The government-wide financial statements are prepared using the flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Authority are included on the Statement of Net Position.

The Statement of Revenues, Expenses and Changes in Net Position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Authority must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to these items are explained in Notes 6 and 7.

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

Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

C. Budgetary Process

The Ohio Revised Code requires that the Authority's Board of Directors prepare an annual budget.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level, and appropriations may not exceed estimated resources. The Board of Directors must annually approve appropriation measures and subsequent amendments.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

Encumbrances

The Ohio Revised Code requires the Authority to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

**SOUTHEASTERN OHIO PORT AUTHORITY
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

Cash assets are maintained in non-interest bearing and interest-bearing checking and money market accounts.

The Authority had no investments during the year or at year end.

E. Receivables and Payables

Receivables and payables are recorded on the Authority's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and, in the case of receivables, collectability.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority does not have any investments; so all cash balances are included in the statement of cash flows.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

H. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. All capital assets are depreciated, except land. Depreciation is computed using the straight-line method over five years of the useful lives for machinery and equipment and over 50 years for buildings.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the employer will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "leave benefits payable", rather than long term liabilities, as the balances are to be used by employees in the year following the year in which the benefit was earned.

**SOUTHEASTERN OHIO PORT AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Authority has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the Authority's termination policy. The Authority records a liability for accumulated, unused sick leave for all employees when they start working per the Authority's employee policy.

J. Pension/OPEB

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

K. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and liabilities used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority does not have restricted net position.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Authority. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Authority. Revenues and expenses not meeting these definitions are reported as non-operating.

M. Estimates

The preparation of the 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.

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and that are either unusual in nature or infrequent in occurrence. The Authority did not have any extraordinary or special items in 2021.

**SOUTHEASTERN OHIO PORT AUTHORITY
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NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Authority into three categories.

1. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority Treasury, in commercial accounts payable or that can be withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
2. Inactive deposits are public deposits that the Authority has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
3. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

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

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

**SOUTHEASTERN OHIO PORT AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$250,000 of the Authority's total bank balances of \$442,966 were covered by the FDIC. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Authority to a successful claim by the FDIC.

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

Eligible securities pledged to the 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 105 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.

The Authority's financial institution participates in OPCS. Deposits are insured by the FDIC or collateralized through OPCS.

**SOUTHEASTERN OHIO PORT AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended December 31, 2021 was as follows:

	Balance at 12/31/2020	Additions	Deletions	Balance at 12/31/2021
Non-Depreciable Capital Assets:				
Land	\$ 124,950	\$ 1,324,389	\$ (524,950)	\$ 924,389
Construction in Process	30,470	42,824	(30,470)	42,824
Total Non-Depreciable Capital Assets	<u>155,420</u>	<u>1,367,213</u>	<u>(555,420)</u>	<u>967,213</u>
Depreciable Capital Assets:				
Buildings	2,155,962	-	(2,155,962)	-
Machinery and Equipment	8,870	-	-	8,870
Total Depreciable Capital Assets	<u>2,164,832</u>	<u>-</u>	<u>(2,155,962)</u>	<u>8,870</u>
Less Accumulated Depreciation:				
Buildings	(289,257)	-	289,257	-
Machinery and Equipment	(2,136)	(734)	-	(2,870)
Total Accumulated Depreciation	<u>(291,393)</u>	<u>(734)</u>	<u>289,257</u>	<u>(2,870)</u>
Total Depreciable Capital Assets, net	<u>\$ 1,873,439</u>	<u>\$ (734)</u>	<u>\$ -</u>	<u>\$ 6,000</u>
Total Capital Assets, net	<u>\$ 2,028,859</u>	<u>\$ 1,366,479</u>	<u>\$ (555,420)</u>	<u>\$ 973,213</u>

During January 2021, the Authority closed on the purchase of the Muskingum River Industrial Park. The land holds an easement and a ground lease. The easement was later sold back to the seller. The easement's valuation and activity are accounted for in the Additions and Deletions totals in the chart above. The ground lease valuation is included in Land on the Statement of Financial Position. See Note 10 for more information.

During May 2021, the Authority sold the Ingenuity Center and accompanying land. The activity is accounted for in the Deletions total in the chart above.

NOTE 5 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority contracts with Peoples Insurance Agency who, on behalf of the Authority, negotiates property and casualty insurance coverage with Cincinnati Insurance Company and CNA Insurance Company for management and professional insurance coverage. The following lists the coverage limits and deductibles:

Property (\$500 Deductible):	
Contents	\$50,000
Crime (\$250 Deductible):	
Employee Dishonesty/Forgery or Alteration	50,000
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	2,000,000
Products-Completed Operations Aggregate Limit	2,000,000
Personal & Advertising Injury Limit	1,000,000

**SOUTHEASTERN OHIO PORT AUTHORITY
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FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 5 – RISK MANAGEMENT (CONTINUED)

Hired and Non-owned Auto Liability	1,000,000
Fire Damage Limit	100,000
Medical Expense Limit	5,000
Directors & Officers Liability:	
Each Occurrence	1,000,000
Scheduled Retention	2,500/5,000

Bond Coverage for the Secretary/Treasurer is included in Non-Profit Organization and Management Liability Insurance Policy.

There were no significant reductions in coverage from prior years. Settlements have not exceeded coverage in any of the last three years.

The Authority pays the State Workers' Compensation System a premium for employee injury coverage based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

The net pension asset and liability reported on the statement of net position represents an assets and a liability, respectively, to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension asset and liability represent the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension asset and liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB 68 assumes the asset and liability is solely the asset and obligation, respectively, of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's excess funded or unfunded benefits is presented as a long-term net pension asset or liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued payroll taxes on the accrual bases of accounting.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) 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 plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in the 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
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	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	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

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 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. 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%.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
2021 Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits	0.0%
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for the period ended December 31, 2021 were \$17,751.100% has been contributed for 2021. Of this amount, \$2,912 is reported as accrued payroll and taxes.

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension asset and liability were measured as of December 31, 2020, and the total pension asset and liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of that date. The Authority's proportions of the net pension asset and liability were based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional Pension Plan
Proportionate Share of the Net Pension Liability/(Asset)	\$ 30,208
Proportion of the Net Pension Liability/(Asset)	0.000204%
Increase/(decrease) in % from prior proportion measured	-0.000260%
Pension Expense	\$ (7,415)

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NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional Pension Plan</u>
Deferred Outflows of Resources	
Authority's contributions subsequent to the measurement date	\$ 17,751
Total Deferred Outflows of Resources	<u>\$ 17,751</u>
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 11,774
Differences between expected and actual experience	1,264
Changes in proportion and differences Authority's contributions and proportionate share of contributions	<u>38,341</u>
Total Deferred Inflows of Resources	<u>\$ 51,379</u>

\$17,751 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal year Ending December 31:	<u>Traditional Pension Plan</u>
2022	\$ (31,259)
2023	(13,717)
2024	(4,799)
2025	(1,604)
Total	<u>\$ (51,379)</u>

**SOUTHEASTERN OHIO PORT AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions - OPERS

OPERS' total pension asset and liability were determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2020, are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2020
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	7.20%
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 0.50% Simple through 2021, then 2.15% Simple

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NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020 OPERS manage investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan. Within the defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first on the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.7% for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation for 2020	Weighted Average Long-Term Expected Real Rate of Return
		(Arithmetic)
Fixed Income	25.00%	1.32%
Domestic Equities	21.00%	5.64%
Real Estate	10.00%	5.39%
Private Equity	12.00%	10.42%
International Equities	23.00%	7.36%
Other Investments	9.00%	4.75%
Total	100.00%	5.43%

**SOUTHEASTERN OHIO PORT AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
Employer's Net Pension Liability			
Traditional Pension Plan	\$ 57,622	\$ 30,208	\$ 7,413

NOTE 7 – POST-EMPLOYMENT BENEFITS

Net OPEB Liability

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 7 – POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description

The Authority's employees participate in the Ohio Public Employees Retirement System of Ohio (OPERS), which is a cost-sharing, multiple-employer retirement plan. OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member- Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans. The Plan is included in the report of OPERS which can be obtained by visiting www.opers.org or by calling (800) 222-7377.

Funding Policy – Ohio Revised Code Chapter 145 authorizes OPERS to offer the Plan and gives the OPERS Board of Trustees discretionary authority over how much, if any, of the health care costs will be absorbed by OPERS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14.00% of covered payroll. For the year ended December 31, 2020, in the Traditional Plan OPERS allocated 0.00% of employer contributions to post-employment health care.

Net OPEB Liability

The net OPEB liability/(asset) was measured as of December 31, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability/(asset) was based on the Authority's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (10,850)
Proportion of the Net OPEB Liability	0.000609%
Increase/(decrease) in % from prior proportion measured	-0.000057%
OPEB Expense	\$ (65,729)

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 7 – POST-EMPLOYMENT BENEFITS (CONTINUED)

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Changes in assumptions	\$ 5,334
Changes in proportion and differences between government contributions and proportionate share of contributions	210
	<u>210</u>
Total Deferred Outflows of Resources	<u>\$ 5,544</u>
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 5,779
Differences between expected and actual experience	9,792
Changes in assumptions	17,580
Changes in proportion and differences between government contributions and proportionate share of contributions	7,492
	<u>7,492</u>
Total Deferred Inflows of Resources	<u>\$ 40,643</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31:	<u>OPERS</u>
2022	\$ (19,935)
2023	(15,900)
2024	1,417
2025	(681)
Total	<u>\$ (35,099)</u>

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 7 – POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions - OPERS

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2019
Rolled-forward measurement date	December 31, 2020
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age normal
Actuarial Assumptions:	
Single Discount Rate	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate	2.00%
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	8.50% initial, 3.50% ultimate in 2035

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

A single discount rate of 6.00% as used to measure the OPEB liability/(asset) on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 7 – POST-EMPLOYMENT BENEFITS (CONTINUED)

The following table presents the OPEB liability/(asset) calculated using the single discount rate of 6.00%, and the expected net OPEB liability/(asset) if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Authority's proportionate share of the net OPEB liability/(asset)	\$ (2,698)	\$ (10,850)	\$ (17,551)

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/(asset). The following table presents the net OPEB liability/(asset) calculated using the assumed trend rates, and the expected net OPEB liability/(asset) if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability/(asset)	\$ (11,114)	\$ (10,850)	\$ (10,554)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return.

Asset Class	Target Allocation for 2020	Weighted Average Long-Term Expected Real Rate of Return
		(Arithmetic)
Fixed Income	34.00%	1.07%
Domestic Equities	25.00%	5.64%
REITs	7.00%	6.48%
International Equities	25.00%	7.36%
Other Investments	9.00%	4.02%
Total	100.00%	4.43%

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 7 – POST-EMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 10.50% for 2020.

NOTE 8 – OTHER EMPLOYER BENEFITS

Each employee accrues 4.6 hours of sick time for each two-week pay period worked. Accrual continues during periods of approved paid leave. Unused sick leave is cumulative without limit. Upon retirement or separation of employment, employees are paid up to a maximum of 240 hours.

Unused vacation time and compensatory time are paid to a terminated employee at their rate of pay at the time of retirement as well up to 80 hours.

NOTE 9 – LONG-TERM OBLIGATIONS AND OTHER OBLIGATIONS

Changes in the Authority's long-term obligations during the year consisted of the following:

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
Development Loan - 3%	\$ 336,221	\$ -	\$ (336,221)	\$ -	\$ -
Peoples Loan - 2.49%	-	495,000	(495,000)	-	-
Net Pension Liability	91,713	-	(61,505)	30,208	-
Net OPEB Liability/(Asset)	91,992	-	(102,842)	(10,850)	-
Sick Leave Payable	7,489	15,801	(4,785)	18,505	16,346
Total	<u>\$ 527,415</u>	<u>\$ 510,801</u>	<u>\$ (1,000,353)</u>	<u>\$ 37,863</u>	<u>\$ 16,346</u>

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 9 – LONG-TERM OBLIGATIONS AND OTHER OBLIGATIONS (CONTINUED)

Development Services Agency Loan

On April 1, 2014, the Authority received a \$484,970 Rural Industrial Park Loan from the Ohio Department of Development for completion of the Ingenuity Center located at 300 Commerce Drive in Marietta, Ohio. Only \$458,719 was needed and received. Under the agreement, principal and interest payments were not required until September 1, 2019, unless the Center was rented before that date. During 2016, the Center started collecting rent and a new amortization schedule was created. During 2021, the Authority paid \$9,646 in principal and \$3,322 in interest on the loan.

Peoples Bank Loan

On January 12, 2021, the Authority received a \$495,000 Commercial Promissory Notes from Peoples Bank for the purchase of the Muskingum River Industrial Park. The loan accrues interest at a 2.49% fixed rate. Principal and interest payments of \$2,629 are paid monthly over a term of 10 years. During 2021, the Authority paid \$1,128 in principal and \$622 in interest on the loan.

Payoff of Loans

During May 2021, the Authority sold the Ingenuity Center. As part of the sales agreement, the buyer paid off the loans held through the Development Services Agency and Peoples Bank. As of December 31, 2021, the Authority had no outstanding balances.

Conduit Debt

Pursuant to State statute, the Authority has issued revenue bonds, hospital revenue bonds, and obtained an Ohio Water Development Authority (OWDA) loan to provide financial assistance to private sector entities for new construction or improvements. The Authority, the State, nor any political subdivision thereof is obligated in any manner for repayment of the debt. Accordingly, the debt is not reported as liabilities in the accompanying financial statements.

During 2012, the Authority obtained Hospital Facilities Revenue Refunding and Improvement Bonds, Series 2012. These bonds mature in various annual amounts through 2042, interest is due semiannually at rates ranging from 3% to 6%. As of December 31, 2021, the aggregate principal amount payable could not be determined, however, the original amounts issued totaled \$145,675,000.

The Authority entered into a private/public partnership with Eramet Marietta, LLC, Americas Styrenics, Solvay Advanced Polymers, and Energizer for the construction and rent of Good River Distribution, LLC. Good River Distribution, LLC, is a water production facility located across from the aforementioned industries on the banks of the Ohio River. The Good River Distribution, LLC, water production facility provides process water and fire water to the partner industries. Good River Distribution, LLC, is owned by the Authority until such time as the rent is complete.

During 2012, the Authority obtained a State Assistance Revenue Bond, Series 2012 to acquire, install, and construct a water screening, service water supply, and pumping system. The interest rate is 4.375% and the maturity date is June, 2027. As of December 31, 2021, the principal amount payable could not be determined, however, the original issued amount totaled \$4,175,000.

During 2012, the Authority obtained a loan from the OWDA for construction, maintenance, and operation of Good River Distribution, LLC. The loan will be repaid solely by rent received from members of Good River Distribution, LLC. The maturity date is January, 2028. As of December 31, 2021, the principal amount payable could not be determined, however, the original issued amount totaled \$6,000,000.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 9 – LONG-TERM OBLIGATIONS AND OTHER OBLIGATIONS (CONTINUED)

During 2015, the Authority and Marietta Area Health Care obtained Hospital Facilities Improvement Bonds. The bonds were issued for the purpose of acquisition, construction, renovation, equipping, and installation of electronic medical records system as well as various improvements to the health care facilities. As of December 31, 2021, the principal amount payable could not be determined, however, the original issued amount totaled \$60,000,000.

During 2020, the Authority obtained Series 2020 Bonds for the purpose of 1) retiring a taxable borrowing undertaken by Marietta College (the College) on an interim basis for the purpose of refunding the Ohio Higher Educational Facility Higher Educational Facility Revenue Bonds (Marietta College 2014 Project) dated November 20, 2014 (the “Reissued Bonds”), 2) refunding the Ohio Higher Educational Facility Higher Educational Facility Revenue Bonds (Marietta College 2011 Project) dated November 20, 2014 (the “2014 Refunding Bonds”) and 3) refinancing on a permanent basis certain capital expenditures for educational facilities and equipment located on the campus of the College (the “2020 Project”). These bonds mature in various annual amounts through 2035, interest is due annually at rates ranging from 2.20% to 2.99%. As of December 31, 2021, the principal amount payable could not be determined, however, the original issued amount totaled \$33,500,000.

NOTE 10 – GROUND LEASE

In January 2021, the Authority entered into a ground lease (project site) agreement with Belpre Industrial Parkersburg Railroad, LLC (BIP). The Authority leases the project site to facilitate BIP’s construction, equipment, development, improvement, installation, and operation of railcar unloading and coal unloading facility, with associated site development. However, no capital improvements or alterations of the project site is allowable without the Authority’s express written approval. Rent of \$200,000 was paid in a lump sum.

NOTE 11 – COVID-19

Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Authority’s financial position and/or the results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 12 – SUBSEQUENT EVENTS

The Authority evaluated subsequent events and transactions that occurred after the date of the statement of net position up to April 11, 2022, the date that the financial statements were issued. No events have occurred subsequent to the date of the financial statements through the report date that would require adjustment or disclosure in the financial statements.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Ohio Public Employees Retirement System - Traditional Plan
Last Eight Years (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.000204%	0.000464%	0.000518%	0.000289%	0.000244%	0.000253%	0.000257%	0.000367%
Authority's Proportionate Share of the Net Pension Liability	\$ 30,208	\$ 91,713	\$ 141,871	\$ 45,338	\$ 55,408	\$ 43,822	\$ 30,996	\$ 43,281
Authority's Covered Payroll	\$ 85,843	\$ 71,533	\$ 70,000	\$ 38,146	\$ 31,529	\$ 31,529	\$ 31,529	\$ 71,677
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	35.19%	128.21%	202.67%	118.85%	175.74%	138.99%	98.31%	60.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to fiscal year 2014 is not available.

*Will be built prospectively.

Amounts presented as of the Authority's measurement date, which is the prior year end.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS**

**Ohio Public Employees Retirement System - Traditional Plan
Last Nine Fiscal Years (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 17,751	\$ 12,018	\$ 14,952	\$ 9,800	\$ 4,959	\$ 3,783	\$ 3,783	\$ 3,783	\$ 9,318
Contributions in Relation to the Contractually Required Contribution	(17,751)	(12,018)	(14,952)	(9,800)	(4,959)	(3,783)	(3,783)	(3,783)	(9,318)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 126,750	\$ 85,843	\$ 106,799	\$ 70,000	\$ 38,146	\$ 31,529	\$ 31,529	\$ 31,529	\$ 71,677
Contributions as Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

See Accompanying Notes to the Basic Financial Statements.

(1) Information prior to fiscal year 2013 is not available.

Amounts presented as of the District's measurement date, which is the prior year end.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

**Ohio Public Employees Retirement System
Last Five Fiscal Years (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability/(Asset)	0.000609%	0.000666%	0.000753%	0.005600%	0.000500%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (10,850)	\$ 91,992	\$ 98,173	\$ 60,812	\$ 50,502
Authority's Covered Payroll	\$ 85,843	\$ 71,533	\$ 70,000	\$ 38,146	\$ 31,529
Authority's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-12.64%	128.60%	140.25%	159.42%	160.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	115.57%	47.80%	46.33%	54.14%	(3)

(1) Information prior to 2017 is not available.

(2) Information is presented on a calendar year basis, consistent with measurement year used by OPERS.

(3) No published.

*Will be built prospectively.

See Notes to the Required Supplementary Information.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY
SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS**

**Ohio Public Employees Retirement System - OPEB Plan
Last Six Fiscal Years (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ -	\$ -	\$ 1,411	\$ 1,566	\$ 111	\$ 193
Contributions in Relation to the Contractually Required Contribution	-	-	(1,411)	(1,566)	(111)	(193)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered Payroll	\$ 126,750	\$ 85,843	\$ 106,799	\$ 70,000	\$ 38,146	\$ 31,529
Contributions as Percentage of Covered Payroll	0.00%	0.00%	1.32%	2.24%	1.00%	1.00%

See Accompanying Notes to the Basic Financial Statements.

(1) Information prior to 2016 is not available.

(2) Information is presented on a fiscal year basis, consistent with the District's financial statements.

*Will be built prospectively.

See Notes to the Required Supplementary Information.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

Note 1 – Changes in Assumptions – OPERS Pension

Amounts reported for fiscal year 2017 (Measurement Period 2016) incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 (Measurement Period 2015) and prior are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability		
Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2016	December 31, 2015
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	8.00%
Wage Inflation	3.25%	3.75%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	4.25% to 10.05% (Includes wage inflation of 3.75%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from RP-2000 mortality tables to the RP-2014 mortality tables.

There are no changes in actuarial valuation for measurement period 2017 versus measurement period 2016.

Changes for the period 2018 versus the measurement period 2017 included a reduction of the discount rate from 7.5% to 7.2%.

There were no significant changes for the measurement period 2019 versus the measurement period 2018.

There were no significant changes for the measurement period 2020 versus the measurement period 2019.

Note 2 – Changes in Assumptions – OPERS OPEB

Amounts reported for fiscal year 2019 (Measurement Period 2018) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2018 (Measurement Period 2017) are presented below:

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

Note 2 – Changes in Assumptions – OPERS OPEB (Continued)

Key Methods and Assumptions Used in Valuation of Total OPEB Liability		
Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2017	December 31, 2016
Rolled-forward measurement date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.96%	3.85%
Investment Rate of Return	6.00%	6.50%
Municipal Bond Rate	3.71%	3.31%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10% initial, 3.25% ultimate in 2029	7.5% initial, 3.25% ultimate in 2028

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a increase of the discount rate from 3.85% to 3.96%, a reduction in the investment rate of return 6.50% to 6.00%, and an increase in bond rate from 3.31% to 3.71%.

Amounts reported for fiscal year 2020 (Measurement Period 2019) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2019 (Measurement Period 2018) are presented below:

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2018	December 31, 2017
Rolled-forward measurement date	December 31, 2019	December 31, 2018
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.16%	3.96%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	2.75%	3.71%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030	10% initial, 3.25% ultimate in 2029

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a decrease of the discount rate from 3.96% to 3.16% and an decrease in bond rate from 3.71% to 3.25%. There is also a change Health Care Cost Trend Rates.

**SOUTHEASTERN OHIO PORT AUTHORITY
WASHINGTON COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

Note 2 – Changes in Assumptions – OPERS OPEB (Continued)

Amounts reported for fiscal year 2021 (Measurement Period 2020) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2020 (Measurement Period 2019) are presented below:

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2019	December 31, 2018
Rolled-forward measurement date	December 31, 2020	December 31, 2019
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	6.00%	3.16%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	2.00%	2.75%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	8.50% initial, 3.50% ultimate in 2035	10.5% initial, 3.50% ultimate in 2030

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a decrease of the discount rate from 3.16% to 6.00% and a decrease in bond rate from 3.25% to 2.00%. There is also a change Health Care Cost Trend Rates.