

Butler County Port Authority  
Butler County, Ohio

Financial Statements

Year Ended December 31, 2021

Butler County Port Authority  
Butler County, Ohio  
December 31, 2021

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Butler County Port Authority  
Butler County, Ohio  
Management's Discussion and Analysis  
December 31, 2021  
(Unaudited)

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The discussion and analysis of the Butler County Port Authority (the "Port Authority") financial performance provides an overall review of the financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Port Authority's financial performance.

### **Financial Highlights**

Key financial highlights for 2021 are as follows:

- The Port Authority generated \$1,006,029 in charges for services during the year.
- The Port Authority's cash balance increased \$965,756 during 2021 to \$3,253,620 at December 31, 2021.
- The Port Authority's net position increased \$957,827 during 2021.

### **Using this Financial Report**

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

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**Statement of Net Position**

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

Table 1 provides a summary of the Port Authority's net position for 2021 and 2020.

**Table 1 - Net Position**

	2021	2020
Assets		
Current and Other Assets	\$ 3,280,995	\$ 2,316,394
Long-Term Assets	208,122,178	189,747,971
Total Assets	211,403,173	192,064,365
Liabilities		
Current Liabilities	6,834	60
Long-Term Liabilities	208,122,178	189,747,971
Total Liabilities	208,129,012	189,748,031
Net Position		
Unrestricted	3,274,161	2,316,334
Total Net Position	\$ 3,274,161	\$ 2,316,334

The Port Authority's current assets increased from 2020 to 2021 mainly as a result of increased cash balances which were the result of charges for services that were collected and earned in 2021. Current liabilities remained consistent from December 31, 2020 to December 31, 2021.

Long-term assets and long-term liabilities increased from 2020 to 2021 as a result of conduit debt activity. See Note 5 to the financial statements for more information on conduit debt.

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**Table 2 - Changes in Net Position**

	2021	2020
Operating Revenues		
Charges for Services	\$ 1,006,029	\$ 1,260,203
Total Operating Revenues	1,006,029	1,260,203
Operating Expenses		
Purchased Services	49,916	36,541
Contractual Services	-	81,124
Total Operating Expenses	49,916	117,665
Operating (Loss)	956,113	1,142,538
Nonoperating Revenues (Expenses)		
Interest Revenue	1,714	9,437
Total Nonoperating Revenue (Expense)	1,714	9,437
Change in Net Position	957,827	1,151,975
Net Position Beginning of Year	2,316,334	1,164,359
Net Position, End of Year	\$ 3,274,161	\$ 2,316,334

During 2021, the Port Authority continued to realize meaningful charges for services, at a slower pace than in 2020, as the Port Authority continued to be involved with additional, potentially-advancing, projects within Butler County. Operating expenses were down in 2021, compared to 2020, as the Port Authority continued to operate more efficiently with reduced back-office expenses.

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**Capital Assets**

The Port Authority reported no capital assets at December 31, 2021.

**Debt**

The Port Authority reported no debt at December 31, 2021.

**Contacting the Port Authority**

This financial report is designed to provide a general overview of the finances of the Butler County Port Authority and to show the Port Authority's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Butler County Port Authority, 130 High Street, Hamilton, Ohio 45011.



Butler County Port Authority  
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Statement of Net Position  
December 31, 2021

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Assets	
Current Assets	
Cash and Cash Equivalents	\$ 3,253,620
Accounts Receivable	<u>27,375</u>
Total Current Assets	<u>3,280,995</u>
Long-Term Assets	
Receivable from Conduit Debt Recipients	<u>208,122,178</u>
Total Assets	<u>211,403,173</u>
Liabilities	
Current Liabilities	
Accounts Payable	<u>6,834</u>
Long-Term Liabilities	
Payable to Conduit Debt Financial Institution Trustees	<u>208,122,178</u>
Total Liabilities	<u>208,129,012</u>
Net Position	
Unrestricted	<u>3,274,161</u>
Total Net Position	<u><u>\$ 3,274,161</u></u>

Butler County Port Authority  
Butler County, Ohio  
Statement of Revenues, Expenses  
and Changes in Net Position  
For the Year Ended December 31, 2021

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Operating Revenues	
Charges for Services	\$ 1,006,029
Total Operating Revenues	<u>1,006,029</u>
Operating Expenses	
Purchased Services	49,916
Total Operating Expenses	<u>49,916</u>
Operating Income (Loss)	<u>956,113</u>
Nonoperating Revenues (Expenses)	
Interest Revenue	1,714
Total Nonoperating Revenues (Expenses)	<u>1,714</u>
Change in Net Position	957,827
Net Position Beginning of Year	2,316,334
Net Position End of Year	<u><u>\$ 3,274,161</u></u>

Butler County Port Authority  
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Statement of Cash Flows  
For the Year Ended December 31, 2021

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Cash Flows from Operating Activities	
Cash Received from Customers	\$ 1,007,184
Cash Payments to Suppliers for Goods and Services	(43,142)
Net Cash Provided (Used) by Operating Activities	964,042
Cash Flows from Investing Activities	
Interest Received	1,714
Net Cash Provided (Used) by Investing Activities	1,714
Net Increase (Decrease) in Cash and Cash Equivalents	965,756
Cash and Cash Equivalents at Beginning of Year	2,287,864
Cash and Cash Equivalents at End of Year	\$ 3,253,620
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 956,113
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Decrease (Increase) in Accounts Receivable	1,155
(Decrease) Increase in Accounts Payable	6,774
Net Cash Provided (Used) by Operating Activities	\$ 964,042

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Notes to the Basic Financial Statements  
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**1. DESCRIPTION OF THE REPORTING ENTITY**

The Butler County Port Authority (the “Port Authority”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority was established in September 2004 pursuant to section 4582.22 of the Ohio Revised Code by resolution of Butler County. The seven voting member Board of Directors directs the Port Authority.

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

The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all divisions and operations for which the Port Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization’s government board and able to impose its will on the organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or to impose specific financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Port Authority itself is included in the financial reporting entity.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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**A. Basis of Presentation**

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

**B. Measurement Focus and Basis of Accounting**

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

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

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

**C. Budgetary Data**

Ohio Revised Code Section 4582.39 requires the port authority to annually prepare a budget.

Ohio Revised Code Section 5705(B)(2)(a) requires the Port Authority, on or before the fifteenth day of July each year, to adopt an operating budget for the ensuing fiscal year. The operating budget should include an estimate of receipts from all sources, a statement of all taxing unit expenses that are anticipated to occur, and the amount required for debt charges during the fiscal year. The operating budget is not required to be filed with the county auditor or the county budget commission.

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Ohio Revised Code Section 5705(B)(2)(b) requires the Port Authority to certify beginning balances on or about the first day of each fiscal year; certify revenue available for appropriation; adopt appropriations within available resources; certify the availability of funds prior to incurring obligations; and, limit expenditures to appropriations for each fund. However, documents prepared in accordance with such Sections are not required to be filed with the county auditor or county budget commission.

**D. Cash and Cash Equivalents**

The Port Authority maintains a cash management program whereby cash is deposited with a banking institution in Butler County. The agreements restrict activity to certain deposits. These deposits are stated at cost which approximates market value. Investment procedures are restricted by the provisions of the Ohio Revised Code. During 2021, the Port Authority invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, Certain External Investment Pools and Pool Participants. The Port Authority measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

For purposes of the statement of cash flows and for the presentation on the statement of net position, the funds in the cash management pool are considered to be cash equivalents.

**E. Operating and Non-Operating Revenues and Expenses**

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

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

**F. Accrued Liabilities**

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

**G. Net Position**

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

**H. Conduit Debt Financing**

One of the Port Authority's main functions is to provide Butler County companies and organizations with the ability to issue debt at a tax-exempt rate. These companies may use the Port Authority's tax-exempt status for such offerings by issuing conduit revenue bonds backed by reimbursement agreements with the Port Authority and trustee. The Port Authority has recognized both a *Receivable from Conduit Debt Recipients* and a *Payable to Conduit Debt Financial Institution Trustees* for the approximate, aggregate amount of principal outstanding on conduit debt at year end. See Note 5 for more information on conduit debt outstanding.

**I. Estimates**

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

**3. DEPOSITS AND INVESTMENTS**

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

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## **Deposits**

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

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

- Eligible securities pledged to the Port Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year-end, the carrying amount of the Port Authority's deposits was \$1,405,563 and the bank balance was \$1,405,563. Federal depository insurance covered \$250,000 of the bank balance. The remaining \$1,155,563 was collateralized in a manner described above.

## **Investments**

As of December 31, 2021, the Port Authority had investments in STAR Ohio totaling \$1,848,057.

The Port Authority has no investment policy dealing with investment credit risk beyond the requirements in state statutes. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

## **4. RISK MANAGEMENT**

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



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**5. CONDUIT DEBT**

The Port Authority has issued various debt obligations on behalf of other entities that constitute conduit debt. While the Port Authority has no obligation for the conduit debt, the aggregate amount of conduit debt outstanding at year end has been recognized as a Payable to Conduit Debt Financial Institution Trustees in the Port Authority's Statement of Net Position in addition to an offsetting Receivable from Conduit Debt Recipients.

Conduit debt outstanding at December 31, 2021 consisted of the following:

Greater Miami Valley YMCA	\$ 12,383,300
Liberty Center Project Series A	8,120,000
Liberty Center Project Series B	5,630,000
Liberty Center Project Series C	18,220,000
Colonial Senior Services, Inc.	5,290,000
Mother Teresa Catholic Elementary School	2,779,151
NorthPoint Seward	18,930,010
StoryPoint	42,140,000
NorthPoint Rinck	43,714,717
NorthPoint Brate	31,000,000
Community First Solutions	19,915,000
	<u>\$ 208,122,178</u>

The Greater Miami Valley YMCA conduit debt was issued for the purpose of constructing a new facility in coordination with the Middletown Regional Hospital's Atrium Facility along Interstate 75 and the refinancing of outstanding debt on other YMCA facilities in Butler County.

The Liberty Center Project Series A, B and C conduit debt was issued for the purpose of acquiring and constructing certain public infrastructure improvements in relation to the Liberty Center Project.

The Colonial Senior Services, Inc. conduit debt was issued for the purpose of constructing a new rehabilitation facility in the City of Hamilton.

The Mother Teresa Catholic Elementary School conduit debt was issued for the purpose of expanding the Mother Teresa Catholic Elementary School in Liberty Township.

The NorthPoint Seward conduit debt was issued for the purpose of constructing two new modern distribution buildings in the City of Fairfield.

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The StoryPoint conduit debt was issued for the purpose of constructing a new assisted living complex in Fairfield Township.

The NorthPoint Rinck conduit debt was issued for the purpose of constructing two new modern distribution buildings in West Chester Township.

The NorthPoint Brate conduit debt was issued for the purpose of constructing three new modern distribution buildings in West Chester Township.

The Community First Solutions conduit debt was issued for the purpose of constructing new independent living units.