

Butler County Port Authority
Butler County, Ohio

Financial Statements

Year Ended December 31, 2023

Butler County Port Authority
Butler County, Ohio
December 31, 2023

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

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, 2023. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Port Authority's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- The Port Authority generated \$695,030 in charges for services during the year.
- The Port Authority's cash balance increased \$962,227 during 2023 to \$4,674,092 at December 31, 2023.
- The Port Authority's net position increased \$781,690 during 2023.

Using this Financial Report

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

Statement of Net Position

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

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

Table 1 - Net Position

	2023	2022
Assets		
Current and Other Assets	\$ 5,262,100	\$ 4,374,439
Long-Term Assets	16,860,000	17,335,000
Total Assets	22,122,100	21,709,439
Liabilities		
Current Liabilities	648,401	542,430
Long-Term Liabilities	16,860,000	17,335,000
Total Liabilities	17,508,401	17,877,430
Net Position		
Unrestricted	4,613,699	3,832,009
Total Net Position	\$ 4,613,699	\$ 3,832,009

The Port Authority's current assets increased from 2022 to 2023 mainly as a result of increased cash balances which were the result of charges for services that were collected and earned in 2023. Current liabilities increased from December 31, 2022 to December 31, 2023 as the Port Authority had more activity ongoing near year-end, and accordingly, accounts payable were greater at December 31, 2023, than at December 31, 2022.

Long-term assets and long-term liabilities decreased from 2022 to 2023 as a result of scheduled debt service activity that is funded by an intergovernmental agreement with Butler County. See Note 5 to the financial statements for more information on long-term obligations, and the offsetting intergovernmental receivable from Butler County.

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Table 2 - Changes in Net Position

	2023	2022
Operating Revenues		
Charges for Services	\$ 695,030	\$ 529,686
Total Operating Revenues	695,030	529,686
Operating Expenses		
Purchased Services	122,398	31,173
Total Operating Expenses	122,398	31,173
Operating (Loss)	572,632	498,513
Nonoperating Revenues (Expenses)		
Interest Revenue	209,058	59,335
Intergovernmental Revenue	1,039,767	1,061,371
Interest Expense	(1,039,767)	(1,061,371)
Total Nonoperating Revenue (Expense)	209,058	59,335
Change in Net Position	781,690	557,848
Net Position Beginning of Year	3,832,009	3,274,161
Net Position, End of Year	\$ 4,613,699	\$ 3,832,009

During 2023, the Port Authority realized increased charges for services, compared to 2022, as the Port Authority continued to be involved with new, potentially advancing, projects within Butler County. This involvement in new, potentially advancing, projects also caused operating expenses to increase in 2023, compared to 2022.

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Capital Assets

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

Debt

The Port Authority reported \$17,335,000 of bonds payable at December 31, 2023. See Note 5 for more information on long-term obligations.

Contacting the Port Authority

This financial report is designed to provide a general overview of the finances of the 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
Butler County, Ohio
Statement of Net Position
December 31, 2023

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 4,674,092
Receivables:	
Accounts	28,099
Intergovernmental	<u>559,909</u>
Total Current Assets	<u>5,262,100</u>
Long-Term Assets	
Receivables:	
Intergovernmental	<u>16,860,000</u>
Total Assets	<u>22,122,100</u>
Liabilities	
Current Liabilities	
Accounts Payable	88,492
Accrued Interest Payable	84,909
Bonds Payable	<u>475,000</u>
Total Current Liabilities	<u>648,401</u>
Long-Term Liabilities	
Bonds Payable	<u>16,860,000</u>
Total Liabilities	<u>17,508,401</u>
Net Position	
Unrestricted	<u>4,613,699</u>
Total Net Position	<u><u>\$ 4,613,699</u></u>

See accompanying notes to the basic financial statements.

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

Operating Revenues		
Charges for Services	\$	695,030
Total Operating Revenues		<u>695,030</u>
Operating Expenses		
Purchased Services		122,398
Total Operating Expenses		<u>122,398</u>
Operating Income (Loss)		<u>572,632</u>
Nonoperating Revenues (Expenses)		
Interest Revenue		209,058
Intergovernmental Revenue		1,039,767
Interest Expense		<u>(1,039,767)</u>
Total Nonoperating Revenues (Expenses)		<u>209,058</u>
Change in Net Position		781,690
Net Position Beginning of Year		3,832,009
Net Position End of Year	\$	<u><u>4,613,699</u></u>

See accompanying notes to the basic financial statements.

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

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 787,700
Cash Payments to Suppliers for Goods and Services	(34,531)
Net Cash Provided (Used) by Operating Activities	<u>753,169</u>
Cash Flows from Non-Capital Financing Activities	
Cash Received from Other Governments	1,496,663
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,496,663</u>
Cash Flows from Capital and Related Financing Activities	
Principal Paid	(455,000)
Interest Paid	(1,041,663)
Net Cash Provided (Used) by Cash Flows from Capital and Related Financing Activities	<u>(1,496,663)</u>
Cash Flows from Investing Activities	
Interest Received	209,058
Net Cash Provided (Used) by Investing Activities	<u>209,058</u>
Net Increase (Decrease) in Cash and Cash Equivalents	962,227
Cash and Cash Equivalents at Beginning of Year	3,711,865
Cash and Cash Equivalents at End of Year	<u>\$ 4,674,092</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 572,632
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Decrease (Increase) in Accounts Receivable	92,670
(Decrease) Increase in Accounts Payable	87,867
Net Cash Provided (Used) by Operating Activities	<u>\$ 753,169</u>

See accompanying notes to the basic financial statements.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of 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.

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. 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 2023, 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 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

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.

D. Operating and Non-Operating Revenues and Expenses

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

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

E. Accrued Liabilities

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

F. 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.

G. 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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Notes to the Basic Financial Statements
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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 \$238,090 and the bank balance was \$236,140. Federal depository insurance covered \$236,140 of the bank balance.

Investments

As of December 31, 2023, the Port Authority had investments in STAR Ohio totaling \$4,436,002.

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. LONG-TERM OBLIGATIONS

Bonds Payable

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

	Beginning Balance	Deletions	Ending Balance	Due Within One Year
Bonds Payable - 3% to 6%	\$ 17,790,000	\$ (455,000)	\$ 17,335,000	\$ 475,000

The bonds payable were issued in 2014 for the purposes of acquiring and constructing certain public infrastructure improvements, in relation to the Liberty Center Project. The Port Authority has an intergovernmental agreement with the Butler County Board of County Commissioners that provides for the County to make the semi-annual payments to the debt service trustee in the exact amounts of the debt service that is due. While the Port Authority was the issuer on these bonds, Butler County is the third-party obligor on the bonds, and Butler County is also part of the same reporting unit as the Port Authority since the Port Authority is a component unit of Butler County. Accordingly, at December 31, 2023, the Port Authority recorded the above debt as an obligation (as opposed to conduit debt) and recorded an offsetting intergovernmental receivable from Butler County for the amount of the outstanding bonds payable.

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

Bonds Payable			
Year	Principal	Interest	Total
2024	\$ 475,000	\$ 1,018,912	\$ 1,493,912
2025	500,000	995,163	1,495,163
2026	530,000	966,412	1,496,412
2027	560,000	935,938	1,495,938
2028	595,000	903,738	1,498,738
2029-2033	3,550,000	3,962,950	7,512,950
2034-2038	4,740,000	2,800,200	7,540,200
2039-2043	6,385,000	1,194,900	7,579,900
Total	\$ 17,335,000	\$ 12,778,213	\$ 30,113,213

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Conduit Debt Obligations

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 debt obligations, backed by reimbursement agreements with the Port Authority and trustee.

A conduit debt obligation is debt issued in the name of the issuer (the Port Authority) benefiting a third party that is liable for repayment of the debt, also known as a third-party obligor. The Port Authority, as issuer, has not made any commitments in connection with these conduit debt obligations that would require reporting an obligation under GASB 91.

6. CONTINGENT LIABILITIES

Litigation

From time to time, the Port Authority may be subject to various lawsuits and/or claims over which litigation has not yet commenced. Although the outcomes of any such matters are not presently determinable, in the opinion of management, the resolution of these matters will not have a materially adverse effect on the financial condition of the Port Authority.

7. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

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

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

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

8. SUBSEQUENT EVENTS

In early 2024, the Port Authority changed its legal name from the Butler County Port Authority to the Butler County Finance Authority.

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