



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

WEST CENTRAL OHIO PORT AUTHORITY CLARK COUNTY

Basic Financial Statements

December 31, 2021

with Accountants' Compilation Report

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ACCOUNTANTS' COMPILATION REPORT

To the Members of the Board
West Central Ohio Port Authority
Clark County
Springfield, Ohio

Management is responsible for the accompanying financial statements and related notes to the financial statements of West Central Ohio Port Authority, Clark County (the Port Authority), which comprise the statement of net position, the statement of revenues, expenses, and changes in net position, the statement of cash flows as of and for the year ended December 31, 2021, and related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements as listed in the table of contents, 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 completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (pages 2 – 6), be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

We are not independent with respect to the Port Authority.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
May 19, 2022

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(See accountants' compilation report)

This Management Discussion and Analysis (MD&A) of West Central Ohio Port Authority's (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.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented, and is presented in the MD&A.

Financial Highlights

Key financial highlights for 2021 are as follows:

- Total net position increased by \$393,695 in 2021 compared to \$398,957 in 2020. This increase was primarily due to \$136,214 increase in use and trackage fees, \$62,028 increase in maintenance fees, \$5,113 increase in lease receipts - property, \$14,811 increase in revenue from economic development partners and \$13,863 increase in insurance reimbursement. These positive changes to the net position were partially offset by, \$205,821 increase in real estate taxes, \$36,268 increase in repairs and maintenance and a \$189,633 increase in economic development costs.
- Total assets increased by \$778,157 which represents a 5.2 percent increase from the prior year. The increase was primarily due to \$73,594 increase in cash and cash equivalents, \$11,240 increase in accounts receivable and \$694,135 increase in net capital assets.
- Total liabilities increased by \$384,462 which represents 264.2 percent increase from the prior year. This increase was due to an increase in accounts payable of \$160,007 due primarily to timing of payments on capital and economic development projects, \$18,927 increase in deferred revenue due to timing of lease receipts and \$205,528 increase in accrued real estate taxes based on revaluation of real estate tax.
- The 2021 net operating income of \$41,565 decreased from the operating income of \$42,727 for 2020, due to operating expenses increase of \$209,017 exceeding operating income increase of \$207,855 by \$1,162. Operating revenues increased due to approximately 28% increase in carloads, which directly resulted in \$38,494 increase in use fees and \$62,028 increase in maintenance fees revenues. Trackage rights revenues increased by \$97,720 based on 35% increase in "overhead" traffic routed on Port Authority tracks. Lease receipts increased by \$5,113 primarily due to an increase in railcar storage. Operating expenses increased in 2021 primarily due to an increase of \$205,821 increase in property taxes, and \$36,268 increase in repairs and maintenance. These increases were offset, in part, by a decrease of \$30,019 in depreciation expense.

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 is the same.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(See accountants' compilation report)

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, 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.

Net position is reported in three broad categories (as applicable):

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

Restricted Net Position: This component of net position consists of restricted assets which constraints are placed on asset by grantors, contributors, laws, regulations, etc.

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

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

**Table 1
Condensed Statement of Net Position**

	2021	2020
Assets:		
Current and other assets	\$ 1,346,190	1,262,168
Capital assets, net	14,385,873	13,691,738
Total Assets	15,732,063	14,953,906
Liabilities:		
Current liabilities	529,962	145,500
Total Liabilities	529,962	145,500
Net Positions		
Investment in capital assets	14,385,873	13,691,738
Unrestricted	816,228	1,116,668
Total Net Position	\$ 15,202,101	14,808,406

Total net position of the Port Authority increased by \$393,695 in 2021 or 2.66 percent compared to an increase of \$398,957 in 2020.

As noted in Table 1 above, the unrestricted net position as of December 31, 2021 decreased by \$300,440. The investment in capital assets, component of net position, increased by \$694,135 resulting from current year capital asset acquisitions totaling \$1,479,157 offset by current year depreciation of \$785,022.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(See accountants' compilation report)

Table 2 shows the changes in revenues and expenses for the Port Authority for 2021 and 2020.

**Table 2
Statement of Revenues, Expenses and Change in Net Position**

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Use and Trackage Fees - Operations	\$ 553,606	417,392
Lease Receipts - Property	197,784	192,671
Maintenance Fees	498,134	436,106
Document Fees	6,000	1,500
Non-Operating Revenues:		
Economic Development Revenues	412,088	397,277
Insurance reimbursement	13,863	-
Interest Income	220	1,761
Total Revenues	<u>1,681,695</u>	<u>1,446,707</u>
Operating Expenses:		
Legal Fees	21,014	24,118
Real Estate Service	4,595	8,875
Bookkeeping Service	10,800	10,800
Accounting Service	14,500	14,500
Administration - Clark County TCC	57,105	64,484
Planning - Clark County TCC	5,000	5,000
Taxes, Licenses and Fees	242,597	36,776
Insurance - Bond	364	364
Insurance - Comprehensive	10,302	-
Audit Fees	5,213	5,193
Amortization of Organizational Costs	812	812
Depreciation	785,022	815,041
Nuisance & Abatement	2,820	1,541
Repairs and Maintenance	52,827	16,559
Miscellaneous Expense	988	879
Non-Operating Expenses:		
Economic Development Costs	232,441	42,808
Total Expenses	<u>1,446,400</u>	<u>1,047,750</u>
Excess Before Contributions	235,295	398,957
Capital Contributions	<u>158,400</u>	<u>-</u>
Change in Net Position	393,695	398,957
Net Position at the Beginning of Year	<u>14,808,406</u>	<u>14,409,449</u>
Net Position at the End of Year	\$ <u>15,202,101</u>	\$ <u>14,808,406</u>

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(See accountants' compilation report)

Total revenues of the Port Authority reported for the year was \$393,388 higher than that reported for the previous year. There was an increase in trackage fees of \$97,720 over the prior year based on 35% increase in "overhead" traffic being routed onto the Port Authority's tracks during 2021. Use fees increase of \$38,494 resulted from 28% increase in the number of carloads transported during the year – 7,054 railcars served in 2021 compared to 5,522 railcars in 2020. Maintenance fees also increased by \$62,028 based on the 28% increase in the number of carloads transported during 2021. There was an increase of \$14,811 in revenue from economic development partners as two new agreements were executed during 2021. There was an increase of \$5,113 in lease receipts – property primarily due to additional railcar storage revenues generated during 2021. The Port Authority had an insurance claim reimbursement of \$13,863 and received \$158,400 grant revenue from Ohio Department of Transportation during 2021 for track rehab project.

Total expenses of the Port Authority reported for the year were \$398,650 higher than those reported for the previous year. The increase in 2021 was due to an increase of \$36,268 in repairs and maintenance, \$189,633 in economic development costs and \$205,821 in property taxes. These were partially offset by a decrease of \$3,104 in legal fees, \$4,280 decrease in real estate service and \$7,379 decrease in administration costs.

Capital Assets

At December 31, 2021 capital assets of the Port Authority were \$26,967,508 off-set by \$12,578,635 in accumulated depreciation resulting in net capital assets of \$14,385,873. Table 3 shows the categories of capital assets maintained by the Port Authority and total accumulated depreciation, at December 31, 2021 and 2020.

**Table 3
Capital Assets, Net of Depreciation**

	<u>2021</u>	<u>2020</u>
Land	\$ 1,185,698	1,185,698
Construction in Progress	-	160,176
Equipment and Appendices	3,714,153	3,714,153
Spur	207,951	207,951
Railroad	<u>21,856,706</u>	<u>20,217,373</u>
Total capital assets	26,964,508	25,485,351
Less accumulated depreciation	<u>(12,578,635)</u>	<u>(11,793,613)</u>
Totals	<u>\$ 14,385,873</u>	<u>13,691,738</u>

The \$694,135 increase in total capital assets was due to 2020 Track rehabilitation in Solon, OH of \$717,342, Bridge 124.67 construction project of \$13,237, 2021 Track Rehab MP 122 to MP 104 of \$864,690, SR 508 crossing rehab of \$44,064. The \$160,176 in construction in progress at December 31, 2020 consisted of the 2020 Track Rehabilitation in Solon, OH which was completed in 2021. Depreciation expense for 2021 and 2020 were \$785,022 and \$815,041 respectively.

See Note 5 of the notes to the basic financial statements for more detailed information on the Port Authority's capital assets.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(See accountants' compilation report)

Contacting the Port Authority

This financial report is designed to provide a general overview of the finances of the West Central Ohio 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: West Central Ohio Port Authority, Springview Government Center, 3130 East Main Street, Suite 2B, Springfield, Ohio 45505.

WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2021

Assets:

Current assets:

Cash and Cash Equivalents	\$	1,097,629
Accounts Receivable		<u>241,470</u>
Total current assets		<u>1,339,099</u>

Non-current assets:

Nondepreciable Capital Assets		1,185,698
Depreciable Capital Assets, Net		13,200,175
Organizational Costs		<u>7,091</u>
Total non-current assets		<u>14,392,964</u>
Total Assets		<u>15,732,063</u>

Liabilities:

Current liabilities:

Accounts Payable		247,059
Accrued Real Estate Taxes		242,304
Unearned Rents		<u>40,599</u>
Total Liabilities		<u>529,962</u>

Net Position:

Investment in Capital Assets		14,385,873
Unrestricted		<u>816,228</u>
Total net position	\$	<u><u>15,202,101</u></u>

See accountants' compilation report.
See accompanying notes to the basic financial statements.

WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

Operating Revenues:

Use and Trackage Fees - Operations	\$	553,606
Lease Receipts - Property		197,784
Maintenance Fees		498,134
Document Fees		6,000
Total Operating Revenues		1,255,524

Operating Expenses:

Legal Fees - General Counsel		21,014
Real Estate Service		4,595
Bookkeeping Service		10,800
Accounting Service		14,500
Administration - Clark County TCC		57,105
Planning - Clark County TCC		5,000
Taxes, Licenses and Fees		242,597
Insurance - Bond		364
Insurance - Comprehensive		10,302
Audit fees		5,213
Amortization of Organizational Costs		812
Depreciation		785,022
Nuisance & Abatement		2,820
Repairs and Maintenance		52,827
Miscellaneous Expense		988
Total Operating Expenses		1,213,959

Operating Income		41,565
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Non-Operating Revenue (Expenses):

Interest Income		220
Insurance reimbursement		13,863
Economic Development Revenue		412,088
Economic Development Costs		(232,441)
Total Non-Operating Revenue (Expenses)		193,730

Change before contributions		235,295
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Capital contributions		158,400
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Change in net position		393,695
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Net position at the Beginning of Year		14,808,406
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Net position at the End of Year	\$	15,202,101
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See accountants' compilation report.
See accompanying notes to the basic financial statements.

WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flow From Operating Activities:

Cash received from customers	\$	1,258,212
Cash payments to suppliers for goods and services		(222,421)
Other operating revenue		5,000
		1,040,791
Net Cash Provided by Operating Activities		1,040,791

Cash Flow from Capital and Related Financing Activities:

Capital acquisitions		(1,508,960)
Grants and capital contributions received		158,400
Cash receipt from economic development partners		412,088
Cash receipt from insurance reimbursement		13,863
Cash disbursement for economic development costs		(42,808)
		(967,417)
Net Cash Used in Capital and Related Financing Activities		(967,417)

Cash Flows From Investing Activities:

Interest Income		220
		220
Net Change in Cash and Cash Equivalents		73,594
Cash and Cash Equivalents at the Beginning of Year		1,024,035
Cash and Cash Equivalents at the End of Year	\$	1,097,629

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Income	\$	41,565
Adjustments to reconcile Operating Income to Net Cash Provided by Operating Activities:		
Amortization Expense		812
Depreciation Expense		785,022
Change in Accounts Receivables		(11,240)
Change in uNearned Rents		18,927
Change in Accrued Real Estate Taxes		205,528
Change in Accounts Payables		177
		999,226
Total Adjustments		999,226
Net Cash Provided by Operating Activities	\$	1,040,791

See accountants' compilation report.
See accompanying notes to the basic financial statements.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. DESCRIPTION OF THE REPORTING ENTITY

The West Central Ohio Port Authority is a governmental subdivision established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

On February 27, 1990, the Clark County Commission entered into an agreement to become part of a jointly governed organization with the Fayette County Commission for the purpose of purchasing and operating 27.13 miles of railroad between South Charleston, Ohio, in Clark County and Washington Court House, Ohio, in Fayette County. The purpose of forming the jointly governed organization was to protect the economic security of the agricultural community in southeastern Clark County by outright purchase of railway over which to transport grain and other commodities to market outlets. In accordance with the Ohio Revised Code, 4582.20.1, the Port Authority was established and named the Clark County – Fayette County Port Authority.

On August 16, 1993, the Clark County – Fayette County Port Authority signed an agreement of Joinder with Champaign County. The purpose of the agreement was to extend the territorial limits of the Port Authority in order to purchase two additional rail segments. The first segment runs between Springfield, Ohio, in Clark County and Bellefontaine, Ohio, in Logan County. The second segment runs between Springfield, Ohio, and Mechanicsburg, Ohio, in Champaign County. Because of the territorial change, the name of the organization was changed from the Clark County – Fayette County Port Authority to the West Central Ohio Port Authority.

The Port Authority is governed by a board of directors, two of whom are appointed by the commissioners of Champaign County, two of whom are appointed by the commissioners of Clark County, two by the commissioners of Fayette County and one by a majority action of the three counties. The Port Authority provides the services which are defined by Chapter 4582 of the Ohio Revised Code and which services include but are not limited to the power to purchase, construct, re-construct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities.

The Commissioners of Clark, Fayette and Champaign Counties have no authority regarding the day-to-day activities and business affairs of the Port Authority beyond the creation of the Port Authority and the appointment of its directors. All counties maintain their own accounting functions, are separate reporting entities, and their financial activities are not included within the financial statements of the Port Authority.

The general office of the Port Authority is located in the Springfield Township and within the Clark-Shawnee School District. These entities maintain their own accounting functions, are separate reporting entities, and their financial activities are not included within the financial statements of the Port Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of West Central Ohio 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. The more significant of the Port Authority's accounting policies are described below.

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 assets and all liabilities are included on the statement of net position. Equity (i.e., net position) consists of retained earnings. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Basis of accounting refers to when revenues and expenditures or 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 4582.13 requires the Port Authority annually prepare a budget. No further approvals or actions are required under Section 4582 of the Ohio Revised Code.

D. Cash and Cash Equivalents

The Port Authority maintains a cash management program whereby cash is deposited with a banking institution in Clark 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

E. Accounts Receivable

Receivables recorded on the Port Authority's financial statements are recorded 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 collectability. Receivables at December 31, 2021 consisted of rent or lease account billings, maintenance fees, and use and trackage rights. All receivables are considered collectible in full.

F. Capital Assets and Depreciation

Property, plant and equipment are recorded at either historical cost for capital assets acquired by the Port Authority or acquisition value for donated capital assets and are depreciated using the straight-line method over the useful life of the assets as follows:

<u>Category</u>	<u>Threshold</u>	<u>Years</u>
Signals and equipment	\$ 10,000	14 Years
Track	\$ 10,000	30 Years
Office Equipment	\$ 1,000	10 Years

G. Organizational Costs

Organization costs were capitalized when the Port Authority was originally formed in 1990. Costs are amortized using the straight-line method over a 40 year period.

H. Operating and non-operating revenues and expenses

Operating revenues are those revenues that are generated directly at the Port Authority's primary mission. For the Port Authority, operating revenues include railroad track use and trackage fees, property lease income, railroad maintenance fees and related market and document fees. Operating expenses are necessary costs incurred to support the Port Authority's primary mission, including depreciation.

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

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

I. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation and net of related debt. 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. When appropriate, the Port Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Capital Contributions

Capital contributions arise from outside contributions of capital assets or outside contributions of resources restricted to capital acquisition and construction. The Port Authority did not have any capital contributions during 2021.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. DEPOSITS AND INVESTMENTS

Ohio Law requires the classification of funds held by the Port Authority into three categories:

Active funds are those funds required to be kept in “cash” or “near cash” status for immediate use by the Port Authority. Such funds must be maintained either as cash in the Port Authority Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Inactive funds are those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Interim funds are those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Port Authority, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Port Authority, and Student Loan Marketing Port Authority. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that 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 that the term of the agreement must not exceed thirty days;
4. Interim deposits in eligible institutions apply for interim funds;
5. Bonds and other obligations of the State of Ohio;
6. No-load money market mutual funds consisting exclusively of obligations described in division (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; and
7. The State Treasurer's investment pool (STAR Ohio).

As of December 31, 2021, the carrying amount of the Port Authority's deposits totaled \$1,097,629 and its bank balance was \$1,098,018. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2021, \$848,018 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or buy the financial institutions 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 repayment of all public monies deposited in the financial institution.

4. USE AND LEASE RECEIPTS

Use and lease receipts are amounts received by the Port Authority for lease of railroad tracks. Amounts due at December 31, but uncollected, are recorded as revenue.

**WEST CENTRAL OHIO PORT AUTHORITY
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

5. CAPITAL ASSETS

A summary of the property, plant and equipment purchased as of December 31, 2021, follows. These assets are substantially leased to a third party:

	12/31/20			12/31/21
	Balance	Additions	Disposals	Balance
Capital assets not being depreciated:				
Land	\$ 1,185,698	-	-	1,185,698
Construction in Progress	160,176	-	160,176	-
	<u>1,345,874</u>	<u>-</u>	<u>160,176</u>	<u>1,185,698</u>
Capital assets being depreciated:				
Equipment and Appendices	3,714,153	-	-	3,714,153
Spur	207,951	-	-	207,951
Railroad	20,217,373	1,639,333	-	21,856,706
	<u>24,139,477</u>	<u>1,639,333</u>	<u>-</u>	<u>25,778,810</u>
Less Accumulated Depreciation on:				
Equipment and Appendices	(2,747,351)	(140,480)	-	(2,887,831)
Spur	(202,491)	(3,639)	-	(206,130)
Railroad	(8,843,771)	(640,903)	-	(9,484,674)
	<u>(11,793,613)</u>	<u>(785,022)</u>	<u>-</u>	<u>(12,578,635)</u>
Capital assets, net	<u>\$ 13,691,738</u>	<u>854,311</u>	<u>160,176</u>	<u>14,385,873</u>

6. SHORTLINE RAILROAD AGREEMENT

The Port Authority entered into a Shortline railroad operating agreement with the Indiana & Ohio Railroad, Inc., (IORY) on September 4, 1990, for operation as a shortline carrier. In light of current and ongoing operation and ownership of the Shortline, both parties entered into a revised and updated 2005 Agreement during 2006, terms of which went in effect retro-active as of May 1, 2005. The 2005 Agreement continues in effect until December 31, 2090, unless sooner terminated, and specifies that an additional 99 year term will be granted at the end of the initial term.

The 2005 Agreement permits (a) the Port Authority to terminate this Agreement: (i) upon an arbitration board determining that IORY has not performed services that would reasonably be expected of a similar carrier given the circumstances such termination to be effective as specified in a written notice provided by WESTCO PA to IORY; (ii) Upon the failure of IORY for a period of 90 days after the due date to pay any applicable Use and/or Trackage Fee and/or (b) IORY shall have the right to terminate this Agreement in the event that overhead traffic and online customer revenue base do not provide sufficient monetary return over and above associated expenses. Termination by IORY is to be effective 120 days after written notice by IORY to WESTCO PA.

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In accordance with the 2005 Agreement, IORY is required to perform at its own expense all routine maintenance on the Shortline up to the limits specified in the agreement and maintain the Shortline at not less than Federal Railroad Administration Class II track standards ("Class II Condition"). Any damage to the Shortline, other than normal wear, that occurs as a result of IORY operations shall be repaired at IORY's expense. The Port Authority is solely responsible for any extraordinary maintenance or capital improvements required to maintain the line to its current Class II condition.

The 2005 Agreement states that a use fee for any cars originating or terminating on the Shortline will be paid within thirty days after the close of the calendar quarter by the IORY to the Port Authority.

The 2005 Agreement also states that for use of Trackage by IORY or any other railroad authorized in writing by IORY and WESTCO PA for overhead (bridge) traffic, not originating or terminating on the Shortline, between Springfield (MP 202.7) and Fayne (MP 229.83), a distance of 27.13 miles, IORY shall pay directly to WESTCO PA, for each car (empty or loaded), locomotive and caboose handled by IORY over the Trackage pursuant to this Agreement. In addition, beginning in January 2014, trackage rights are also being paid for the joint trackage between Jeffersonville and Fayne, a distance of 4.82 miles. (For purposes of computing the fee, locomotives shall be counted as two cars. Trackage fee payments will be paid on a monthly basis on or before thirty (30) days after the close of the month in which the applicable Trackage Fees accrue.

The agreement restricts the use of both the use and trackage fees solely for extraordinary maintenance and/or capital expenditures directly related to rail infrastructure and freight operations over the Shortline Property.

The Port Authority is entitled to all revenue from rents, leases, and licenses that are derived from ownership of the real property, and related improvements. The Port Authority is responsible for any interest and principal payments which may be associated with its ownership.

The IORY is entitled to revenues derived from its operation of the Shortline, including switching fees, per diem and demurrage and other accessorial charges per IORY 8000 and 6001 series tariffs. IORY is responsible for all freight rail expenses associated with operation of the Shortline including the maintenance liability insurance coverage with benefits not less than \$5 million. The Port Authority is named as an additional insured on the policy.

Both parties agree to indemnify and hold harmless each other, its agents, directors, officers and employees, from and against liabilities from any claims, liabilities, costs or expenses (including reasonable attorneys' fees) for damage to any property, personal injuries or deaths caused by or resulting from any acts or omissions, its agents, employees, independent contractors or otherwise by their operations.

7. CONTINGENT LIABILITIES

Per an agreement signed on January 3, 1991, between the Indiana and Ohio Central Railroad and the Port Authority, the Port Authority agrees to repay the IORY contribution of \$116,170 toward the purchase of the railroad, upon the occurrence of any of the following conditions:

- Should the IORY no longer provide rail service for the line after the line remains unused for a period of twelve months,
- Should the railroad be sold, abandoned, or otherwise disposed of, the Port Authority will repay the IORY an amount equal to 4.04% of the net proceeds of the sale, or
- The Port Authority will repay the \$116,170 to IORY within three months of operation of the line by someone other than IORY.

There is no liability provision for any of these occurrences in the financial statements due to the remoteness of the occurrences.

8. RISK MANAGEMENT

The Port Authority is covered by general liability and public official liability insurance with the County Risk Sharing Authority. Coverage with a private carrier provides, bonding, liability insurance on the rails, right-of-way, theft and property damage. The Port Authority is co-insured with Indiana and Ohio Railroad for any operational liability.

There has been no significant reduction in coverage in relation to the prior year. Settled claims have not exceeded commercial coverage in any of the last three years.

9. ECONOMIC DEVELOPMENT PROJECTS

Topre America, Inc.

In 2017, the Port Authority entered into an agreement with Topre America Corporation to facilitate the construction and equipping of a 175,000 square foot manufacturing facility to be located in the City of Springfield. Under the terms of the agreement, the Port Authority entered into a ground lease and project lease with Topre America, under which Topre America is responsible for obtaining financing and completing the construction of the building. Under the terms of the ground and project leases, the Port Authority is explicitly relieved of any obligation to maintain the building, undertake any capital repairs, or expend funds in connection with the building. Upon completion, the building title will be transferred to the Port Authority, and the Port Authority will lease the building back to Topre America. Under this lease, Topre America will make rental payments of \$1 per year for thirty-five years to the Port Authority and has a bargain purchase option to obtain the Port Authority's entire interest in the project for \$1 at the end of the lease. The Port Authority received an upfront payment of \$144,638 that was recognized when received. Additionally, Topre America will continue to be responsible for all maintenance and upkeep on the facilities. As a result,

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Topre America will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

In 2018, an amendment was made to the agreement to facilitate the construction and equipping of an approximate 138,000 square foot manufacturing facility at the previous project site. The Port Authority received a total of \$239,877 during 2018 that was recognized as economic development revenue.

In 2019, a second amendment was made to the agreement to facilitate the construction and equipping of an approximate 78,000 square foot manufacturing facility at the previous project site. The Port Authority received a total of \$159,961 during 2019 that was recognized as economic development revenue.

Silfex, Inc.

In 2017, the Port Authority worked with Silfex, Inc to facilitate the construction and equipping of a 353,000 square foot manufacturing facility to be located in Clark County. Under the terms of the agreement, the Port Authority entered into a ground lease and project lease with Silfex, Inc, under which Silfex, Inc is responsible for obtaining financing and completing the construction of the building. Under the terms of the ground and project leases, the Port Authority is explicitly relieved of any obligation to maintain the building, undertake any capital repairs, or expend funds in connection with the building. Upon completion, the building title will be transferred to the Port Authority, and the Port Authority will lease the building back to Silfex, Inc. Under this lease, Silfex, Inc will make rental payments of \$57,077 per year for five years to the Port Authority and has a bargain purchase option to obtain the Port Authority's entire interest in the project for \$1 at the end of the lease. Additionally, Silfex, Inc will continue to be responsible for all maintenance and upkeep on the facilities. As a result, Silfex, Inc will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Speedway LLC

In 2018, the Port Authority worked with Speedway LLC to facilitate the construction and equipping of a 140,000 square foot manufacturing facility to be located in Enon, Ohio. Under the terms of the agreement, the Port Authority entered into a ground lease and project lease with Speedway LLC, under which Speedway LLC is responsible for obtaining financing and completing the construction of the building. Under the terms of the ground and project leases, the Port Authority is explicitly relieved of any obligation to maintain the building, undertake any capital repairs, or expend funds in connection with the building. Upon completion, the building title will be transferred to the Port Authority, and the Port Authority will lease the building back to Speedway LLC. The Port Authority received an upfront payment of \$234,900 during 2018 that was recognized as economic development revenue. Under this lease, Speedway LLC will make rental payments of \$2,500 per year for ten years to the Port Authority and has a bargain purchase option to obtain the Port Authority's entire interest in the project for \$1 at the end of the lease. Additionally, Speedway LLC will continue to be responsible for all maintenance and upkeep on the facilities. As a result, Speedway LLC will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

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Wiley Industries LLC

In 2020, the Port Authority worked with Wiley Industries LLC to facilitate the construction and equipping of a 450,000 square foot distribution center to be located in Jeffersonville, Ohio. Under the terms of the agreement, the Port Authority entered into a ground lease and project lease with Wiley Industries LLC, under which Wiley Industries LLC is responsible for obtaining financing and completing the construction of the building. Under the terms of the ground and project leases, the Port Authority is explicitly relieved of any obligation to maintain the building, undertake any capital repairs, or expend funds in connection with the building. Upon completion, the building title will be transferred to the Port Authority, and the Port Authority will lease the building back to Wiley Industries LLC. The Port Authority received an upfront payment of \$335,200 during 2020 that was recognized as economic development revenue. Under this lease, Wiley Industries LLC will make rental payments of \$2,500 per year for five years to the Port Authority and has a bargain purchase option to obtain the Port Authority's entire interest in the project for \$1 at the end of the lease. Additionally, Wiley Industries LLC will continue to be responsible for all maintenance and upkeep on the facilities. As a result, Wiley Industries LLC will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Sutphen Realty Urbana, LLC

In 2021, the Port Authority worked with Sutphen Realty Urbana, LLC to facilitate the construction and equipping of a 160,000 square foot distribution center to be located in Urbana, Ohio. Under the terms of the agreement, the Port Authority entered into a ground lease and project lease with Sutphen Realty Urbana, LLC, under which Sutphen Realty Urbana, LLC is responsible for obtaining financing and completing the construction of the building. Under the terms of the ground and project leases, the Port Authority is explicitly relieved of any obligation to maintain the building, undertake any capital repairs, or expend funds in connection with the building. Upon completion, the building title will be transferred to the Port Authority, and the Port Authority will lease the building back to Sutphen Realty Urbana, LLC. The Port Authority received an upfront payment of \$97,166 during 2021 that was recognized as economic development revenue. Under this lease, Sutphen Realty Urbana, LLC will make rental payments of \$1,000 per year for five years to the Port Authority and has a bargain purchase option to obtain the Port Authority's entire interest in the project for \$1 at the end of the lease. Additionally, Sutphen Realty Urbana, LLC will continue to be responsible for all maintenance and upkeep on the facilities. As a result, Sutphen Realty Urbana, LLC will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Springfield Industrial LLC

In 2021, the Port Authority worked with Springfield Industrial LLC to facilitate the construction and equipping of an 870,000 square foot distribution center to be located in Springfield, Ohio. Under the terms of the agreement, the Port Authority entered into a ground lease and project lease with Springfield Industrial LLC, under which Springfield Industrial LLC is responsible for obtaining financing and completing the construction of the building. Under the terms of the ground and project leases, the Port Authority is explicitly relieved of any obligation to maintain the building, undertake

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any capital repairs, or expend funds in connection with the building. Upon completion, the building title will be transferred to the Port Authority, and the Port Authority will lease the building back to Springfield Industrial LLC. The Port Authority received an upfront payment of \$257,844 during 2021 that was recognized as economic development revenue. Under this lease, Springfield Industrial LLC will make rental payments of \$1,000 per year for five years to the Port Authority and has a bargain purchase option to obtain the Port Authority's entire interest in the project for \$1 at the end of the lease. Additionally, Springfield Industrial LLC will continue to be responsible for all maintenance and upkeep on the facilities. As a result, Springfield Industrial LLC will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

10. RELATED PARTY

The Port Authority billed \$54,107 for maintenance fees to Heritage Cooperative in 2021. Wes Bahan, a board member of the Port Authority, is an employee of Heritage Cooperative.

