

**WARREN COUNTY  
PORT AUTHORITY**  
WARREN COUNTY, OHIO

**Basic Financial Statements  
(Audited)**

**For the Year Ended  
December 31, 2019**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
Warren County Port Authority  
406 Justice Drive, Suite 301  
Lebanon, OH 45036

We have reviewed the *Independent Auditor's Report* of the Warren County Port Authority, Warren County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Warren County Port Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 14, 2020

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**WARREN COUNTY PORT AUTHORITY  
WARREN COUNTY, OHIO**

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## Independent Auditor's Report

Warren County Port Authority  
Warren County  
406 Justice Drive  
Suite 301  
Lebanon, Ohio 45036

To the Board of Directors:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Warren County Port Authority, Warren County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Warren County Port Authority's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Warren County Port Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Warren County Port Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Warren County Port Authority, Warren County, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Warren County Port Authority. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2020, on our consideration of the Warren County Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Warren County Port Authority's internal control over financial reporting and compliance.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
July 29, 2020



**WARREN COUNTY PORT AUTHORITY**  
**WARREN COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**  
**(UNAUDITED)**

The discussion and analysis of the Warren County Port Authority's (the "Port Authority") financial performance provides an overall review of the financial activities as of and for the year ended December 31, 2019. 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 Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in 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 in the MD&A.

### **Financial Highlights**

Key financial highlights for 2019 are as follows:

- 2019 provided the Port Authority with \$463,139 (up from \$415,055 for fiscal year 2018) in current year recognized administrative fees and rental income from projects. Seventeen percent of the fee was derived from the sales tax agreement for Delaware North that will be recognized over a ten year period at \$80,000 annually. The Port Authority was also involved in several other projects during the year that brought in additional cash support. The largest transaction was from a lease transaction with the Peters Cartridge resulting in a cash increase of \$105,000.
- The ending cash and cash equivalents balance was \$1,517,476, which is an increase from the 2018 ending balance of \$1,427,447. The Board designated \$796,685 of those funds to evaluate development options
- Operating expenses were \$612,178, which is up from the 2018 amount of \$540,230. Intergovernmental expenses included the annual administrative cost paid to Warren County and a revenue sharing payment to Preble County.
- The local nonoperating contributions are related to lodging taxes to pay for the enterprise portion of the Sports Complex financing and monies provided by Warren County to finance the Fairgrounds event center.
- The Port Authority had four debt financings run through the Ohio Communities Accelerator Bond Fund during 2019 totaling \$10,110,000.

**WARREN COUNTY PORT AUTHORITY**  
**WARREN COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**  
**(UNAUDITED)**

**Using this Financial Report**

This financial report contains the basic financial statements of the Port Authority, as well as the MD&A and notes to the basic financial statements. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, a statement of cash flows and a statement of fiduciary assets and liabilities – agency fund. As the Port Authority reports its operations using enterprise fund accounting, all financial transactions and accounts are reported (non-fiduciary) as one activity, therefore, the entity wide and 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, liabilities, and deferred inflows of resources, 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.

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 borrowings 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 assets by grantors, contributors, laws, regulations, etc.

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

**WARREN COUNTY PORT AUTHORITY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**  
**(UNAUDITED)**

Table 1 provides a comparison of the Port Authority's net position for 2018 and 2019.

**Table 1 - Net Position**

	<u>2018</u>	<u>2019</u>
<b>Assets:</b>		
Current assets	\$6,924,951	\$3,558,224
Intergovernmental receivable – long term	11,472,372	11,472,372
Capital assets, net depreciation	<u>14,152,661</u>	<u>18,737,549</u>
Total Assets	<u>32,549,984</u>	<u>33,768,145</u>
<b>Liabilities:</b>		
Current liabilities	2,119,673	1,700,107
Long-term liabilities	<u>9,283,647</u>	<u>9,113,047</u>
Total Liabilities	<u>11,403,320</u>	<u>10,813,154</u>
<b>Deferred Inflows of Resources</b>	<u>11,969,864</u>	<u>11,972,472</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	12,579,450	10,987,579
Restricted for Debt Service	169,962	139
Restricted for Capital Projects	4,709,224	94,447
Unrestricted	<u>(8,281,836)</u>	<u>(99,646)</u>
Total Net Position	<u>\$9,176,800</u>	<u>\$10,982,519</u>

The Port Authority saw significant changes in 2019. The Port Authority spent down \$4.3 million of the restricted cash balance for the sports complex project by year end. The Port Authority is also the owner of the sports complex with the asset reported as construction in progress.

The current liabilities dropped because of the outstanding payables related to the sports complex project between the various contracts and retainage payable in 2018. Long term liabilities decreased as principal was paid on sports complex financing during 2019.

**WARREN COUNTY PORT AUTHORITY**  
**WARREN COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**  
**(UNAUDITED)**

Table 2 compares the changes in net position for the years 2018 and 2019.

**Table 2 - Changes in Net Position**

	2018	2019
<b>Operating Revenues:</b>		
Administrative Fees and Rental	\$438,305	\$463,139
Other Revenues	68,761	50,475
Total Operating Revenues	507,066	513,614
<b>Operating Expenses:</b>		
Legal fees	245,163	63,590
Accounting and Auditing	14,611	13,169
Professional Services	31,815	98,273
Other General Administration	57,667	131,342
Insurance	3,414	5,612
Other	50,135	74,571
Intergovernmental	75,000	163,196
Depreciation	62,425	62,425
Total Operating Expenses	540,230	612,178
Operating (Loss)	(33,164)	(98,564)
<b>Nonoperating Revenues (Expenses):</b>		
Interest Revenue	219,418	58,909
Local Contributions - nonoperating	1,052,122	4,363,492
Grants awarded	(25,000)	0
Fairgrounds project expenses	0	(2,249,267)
Payment to Escrow Agent	307,095	0
Interest and Trustee Expenses	(632,690)	(267,176)
Total Nonoperating Revenues (Expenses)	920,945	1,905,958
Change in Net Position	887,781	1,807,394
Special item	3,912,964	(1,675)
Net Position, Beginning of Year	4,376,055	9,176,800
Net Position, End of Year	\$9,176,800	\$10,982,519

**WARREN COUNTY PORT AUTHORITY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**  
**(UNAUDITED)**

As stated earlier, the Port Authority saw administrative fee activity decrease compared to the prior year as the Port Authority received fees from nine different projects in fiscal year 2018 compared to four new projects in fiscal year 2019. The Port Authority also recognizes one-tenth of the cash fee received in fiscal year 2013 from the Miami Valley Gaming project as well as partial recognition of several other projects completed before 2019, which accounts for \$238,638 of the 2019 admin fees reported. Although for reporting purposes the Port Authority defers the administrative fees over the life of the agreement, the cash is available for operating purposes upon receipt of the funds. The Port Authority received \$331,993 on a cash basis for administrative fees.

The Port Authority's expenses increased in fiscal year 2019. Intergovernmental expenses were higher than 2018 due to a revenue sharing payment with Preble County on the Henny Penny deal. The Port Authority also continues to pay an annual administrative fee to Warren County for use of the economic development department. Additional legal expenses reported in 2018 relate to the number of project financings and starting the bond fund that exceeded what was reported for 2019. The Port Authority also reports non-operating revenue of \$2,365,970 and non-operating expenses of \$2,249,267 related to construction of the Fairgrounds event center. The Port Authority is running the project on behalf of the Warren County Agricultural Society and Warren County Commission.

### **Capital Assets and Debt**

The Port Authority recognized net capital assets of \$18,737,549 as of December 31, 2019. For more information on the Port Authority's depreciable capital assets, net, see Note 4. The Port Authority reports a portion of sports complex financing in the operating account and a portion Ohio Communities Accelerator Fund. The Ohio Communities Accelerator Fund now reports a total of twelve bond financing with an outstanding balance of \$50,855,000 at December 31, 2019. For more information on the Port Authority's debt, see Note 6.

### **Economic Impact**

Although the Port Authority has no tax basis on which to draw revenues, the Port Authority has positioned itself as a viable option to assist Warren County business and even some businesses outside of Warren County with agreements to provide assistance in Preble and Darke counties. The Port Authority has several financing options that assist in development of projects including the sales tax exemption possibility. The Port Authority will continue to evaluate projects to insure they are producing consistent revenue to cover any obligations the Port Authority is associated with in the future. The Port Authority has assisted small businesses by hosting the Warren County SBDC and creating 84 jobs, retaining 7 jobs, starting 23 new businesses for \$7,300,000 in capital impact and also through advocacy efforts of the Warren County Chamber Alliance for calendar year 2019. This allows the Port Authority to be full circle in its' efforts to serve large and small businesses within southwest Ohio.

**WARREN COUNTY PORT AUTHORITY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**  
**(UNAUDITED)**

For fiscal year 2019, the Port Authority had the following economic impact. The Port Authority issued \$10,394,205 through the Ohio Communities Accelerator Fund. The Port Authority also issued \$7,814,000 in conduit bond financings. The projects created 148 new jobs and helped retain 1,580 jobs.

**Contacting the Port Authority**

This financial report is designed to provide a general overview of the finances of the Warren 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: Warren County Port Authority, 406 Justice Drive, Lebanon, Ohio 45036 or by calling (513) 695-2090.

**WARREN COUNTY PORT AUTHORITY**  
**WARREN COUNTY, OHIO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

**ASSETS:**

CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 1,517,476
Restricted Cash and Cash Equivalents	683,634
Accounts Receivable	857,014
Intergovernmental Receivable	500,100
TOTAL CURRENT ASSETS	<u>3,558,224</u>
NONCURRENT ASSETS:	
Intergovernmental Receivable	11,472,372
Nondepreciable Capital Assets, Net	16,864,859
Depreciable Capital Assets, Net	1,872,690
TOTAL NONCURRENT ASSETS	<u>30,209,921</u>
TOTAL ASSETS	<u>33,768,145</u>

**LIABILITIES:**

CURRENT LIABILITIES:	
Accounts Payable	1,080,394
Retainage Payable	64,396
Accrued Interest Payable	21,700
Amounts Held for Others	41,524
Unearned Revenue - Short Term	262,093
Special Obligation Bonds - Due in One Year	230,000
TOTAL CURRENT LIABILITIES	<u>1,700,107</u>
LONG TERM LIABILITIES:	
Unearned Revenue - Long Term	1,593,047
Special Obligation Bonds	7,520,000
TOTAL LONG TERM LIABILITIES	<u>9,113,047</u>
TOTAL LIABILITIES	<u>10,813,154</u>

**DEFERRED INFLOWS OF RESOURCES:**

Intergovernmental	<u>11,972,472</u>
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**NET POSITION:**

Net Investment in Capital Assets	10,987,579
Restricted for Debt Service	139
Restricted for Capital Projects	94,447
Unrestricted	<u>(99,646)</u>
TOTAL NET POSITION	<u>\$ 10,982,519</u>

See accompanying notes to the basic financial statements

**WARREN COUNTY PORT AUTHORITY  
WARREN COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**OPERATING REVENUES:**

Administrative Fees	\$ 463,139
Local Government Receipts	48,224
Other Revenues	<u>2,251</u>
Total Operating Revenues	<u>513,614</u>

**OPERATING EXPENSES:**

Insurance	5,612
Legal Fees	63,590
Accounting and Auditing	13,169
Professional Services	98,273
Other General Administration	131,342
Intergovernmental	163,196
Other	74,571
Depreciation	<u>62,425</u>
Total Operating Expenses	<u>612,178</u>
Operating Loss	<u>(98,564)</u>

**NONOPERATING REVENUES (EXPENSES):**

Interest Revenue	58,909
Local Contributions - nonoperating	4,363,492
Fairground project expenses	(2,249,267)
Interest and Trustee Expenses	<u>(267,176)</u>
Nonoperating Revenues, Net	<u>1,905,958</u>

**INCOME BEFORE SPECIAL ITEM**

1,807,394

Special item - net impact of bond fund transfers

(1,675)

**CHANGE IN NET POSITION**

1,805,719

Net Position, Beginning of Year

9,176,800

Net Position, End of Year

\$ 10,982,519

See accompanying notes to the basic financial statements



**WARREN COUNTY PORT AUTHORITY  
WARREN COUNTY, OHIO  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 485,773
Cash received from SBDC and Chamber Alliance members	172,724
Cash payments to supplier for goods and services	(1,859,021)
Cash payments to local governments for project and other related costs	(120,702)
Cash paid on behalf of SBDC and Chamber Alliance	(235,965)
Other miscellaneous revenue	2,251
Net cash used for operating activities	<u>(1,554,940)</u>
<b>Cash flows from noncapital financing activities:</b>	
Local Contributions	3,576,023
Fairground project expenses	(1,942,092)
Net cash provided by noncapital financing activities	<u>1,633,931</u>
<b>Cash Flows from capital and related financing activities:</b>	
Port Authority costs for the Ohio Communities Bond Fund	(1,675)
Acquisition and Construction of Capital Assets	(3,865,541)
Principal Paid on Project Improvement Bonds	(220,000)
Interest Paid on All Debt	(267,792)
Net cash used by capital and related financing activities	<u>(4,355,008)</u>
<b>Cash flows from investing activities:</b>	
Change in Fair Value of Investments	(21,512)
Net Interest received	96,371
Net cash provided by investing activities	<u>74,859</u>
Net Decrease in Cash and Cash Equivalents	(4,201,158)
Cash and cash equivalents at beginning of year	<u>6,402,268</u>
Cash and cash equivalents at end of year	<u>\$ 2,201,110</u>
<b>Reconciliation of operating loss to net cash used for operating activities</b>	
Operating Loss	\$ (98,564)
Depreciation	62,425
Adjustments to reconcile operating loss to net cash used for operating activities	
Increase in Accounts Receivable	(60,221)
Decrease in Accounts Payable	(1,096,479)
Decrease in Retainage Payable	(446,356)
Increase in Amounts Held for Others	1,400
Increase in Unearned Revenue	82,855
Net cash used for operating activities	<u>\$ (1,554,940)</u>

See accompanying notes to the basic financial statements

Note: The accounts payable includes \$775,383 and retainage payable includes \$6,389 of capital assets. Accounts receivables include \$787,469 of non-operating revenues.

**WARREN COUNTY PORT AUTHORITY  
WARREN COUNTY, OHIO  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
DECEMBER 31, 2019**

**Assets:**

Cash and Investments in Restricted Accounts	\$ 20,305,337
Intergovernmental Receivable	<u>78,677,558</u>
 Total Assets	 <u><u>\$ 98,982,895</u></u>

**Liabilities:**

Port Authority Reserve	\$ 1,028,082
Proceeds Held for Bond Fund Debt Service	2,904,386
Unspent Bond Proceeds	11,489,913
Interest and Fees Payable	32,705,514
Revenue Bonds Payable	<u>50,855,000</u>
 Total Liabilities	 <u><u>\$ 98,982,895</u></u>

See accompanying notes to the basic financial statements

**WARREN COUNTY PORT AUTHORITY**  
**WARREN COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. DESCRIPTION OF THE REPORTING ENTITY**

The Warren 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 February 2007 pursuant to section 4582.22 of the Ohio Revised Code by resolution of Warren 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. 61, *The Financial Reporting Entity Omnibus: an Amendment of GASB Statements No. 14 and 34*, in that the financial statements include all divisions and operations for which the Port Authority is financially accountable. Component units are legally separate organizations for which the Port Authority is financially accountable. The Port Authority is financially accountable for an organization if the Port Authority appoints a voting majority of the organization’s governing board; and (1) the Port Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Port Authority is legally entitled to or can otherwise assume the responsibility to finance the deficits of, or provide financial support to, the organizations; or the Port Authority is obligated for the debt of the organization. Component units may also include organizations for which the Port Authority authorizes the issuance of debt or the levying of taxes, or determines the budget. 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 Warren 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 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.

**WARREN COUNTY PORT AUTHORITY**  
**WARREN COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

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.

As defined by GAAP, the fiduciary fund category is split into four classifications: private purpose trust funds, pension trust funds, investment trust funds and agency funds. The Port Authority maintains a fiduciary agency fund for its projects that are issued through the Ohio Communities Accelerator Fund (the “Bond Fund”). The Ohio Communities Accelerator Fund was established in 2018 for the purpose of pooling common reserves for debt issuances at lower interest rates for other governmental entities. Examples of such projects are Park North, Chelsea Mall, South Lebanon/Rivers Crossing Refunding, Monroe Special Assessment Bonds, Sports Park at Union Village, Racino, Franklin Wastewater, Middletown PACE, West Milton, and refinancing certain Warren County issues. The Port Authority’s agency fund is custodial in nature.

**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 and deferred inflows of resources are included on the statement of net position. Equity (i.e., net position) consists of retained earnings. The statement of revenues, expenses and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Port Authority’s agency fund does not involve the measurement of results of operations.

**WARREN COUNTY PORT AUTHORITY**  
**WARREN COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Budgetary Data**

Ohio Revised Code Section 4582.13 requires that the Port Authority annually prepare a budget. No further approvals or actions are required under Section 4582.13 of the Ohio Revised Code.

**D. Cash and Cash Equivalents**

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

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with original maturities of three months or less and funds within the cash management pool are considered to be cash equivalents. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. During fiscal year 2019, the Port Authority invested in money market funds, certificates of deposit, U.S Treasury bills, commercial paper and federal agency securities. Except for the money market fund, investments are reported at fair value which is based on the fund's quoted market prices. For investments in money market funds, the fair value is determined by the fund's current share price.

Interest revenue earned during 2019 was \$58,909.

**E. Restricted Cash/Amounts Held for Others**

The Port Authority holds various deposits and investments in trust, in accordance with the provision of its bond agreements, to fund debt service requirements and certain capital projects. The balance held in restricted cash accounts is \$683,634 (enterprise) and \$20,305,337 (agency) as of December 31, 2019.

The Port Authority holds funds for third party entities for which the Port Authority functions as the finance department. These funds are those of the third-party entities and are recorded as a restricted asset and corresponding liability on the Port Authority's financial statements. The amount held by the Port Authority as of December 31, 2019 was \$41,524.

**WARREN COUNTY PORT AUTHORITY**  
**WARREN COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Capital Assets**

Capital assets generally result from expenses related to construction projects. These assets are reported on the statement of net position. All capital assets are reported at cost (or estimated historical cost) and updated for additions and deletions during the year. The Port Authority capitalizes improvements related to construction projects as construction in progress. The Port Authority depreciates land improvements on a straight-line basis over a forty-year period. The Port Authority has no capital asset policy and has no other reported capital assets.

**G. Intergovernmental Receivable**

Receivables 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. The Port Authority did have an intergovernmental receivable as of December 31, 2019, from Warren County in connection with the special obligation bonds payable from the one percent lodging tax related to the non-Bond Fund debt.

The Port Authority reports an intergovernmental receivable in the Bond Fund for the principal and interest payments due on the various deals that are secured through a local government revenue source.

**H. Operating and Nonoperating 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 legislative activities or administrative fees earned in connection with the projects. Operating expenses are necessary costs incurred to support the Port Authority's primary mission, including depreciation.

Nonoperating revenues and expenses are those that are not generated directly by the Port Authority's primary mission. Local government contributions, interest income, bond interest and trustee expenses, and Fairground project expenses comprise the nonoperating revenues and expenses of the Port Authority.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Accrued Liabilities**

In general, payables and accrued liabilities are reported as obligations regardless of whether they will be liquidated with current resources. Long-term debt amounts are reported as a liability on the statement of net position.

**J. Net Position**

Net position represents the difference between assets, deferred inflow of resources and liabilities. Net Investment in Capital Assets consists of all capital assets, reduced by the outstanding balances of any bonds or other borrowings that are attributable to 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 Port Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**K. Unearned Revenue**

The Port Authority reports administrative fees earned initially on a project as unearned revenue for future periods if the Port Authority has a lease agreement with the respective company. The unearned revenue reported for fiscal year 2019 consists of administrative fees earned in current and prior fiscal years amortized over the remaining life of the lease agreements.

**L. Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports 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 Port Authority, deferred inflows of resources include hotel and motel taxes earmarked to pay for debt service payments by the Port Authority. This amount is deferred and recognized as an inflow of resources in the period the amounts become available.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. Estimates and Uncertainties**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

**N. Subsequent Events**

The Port Authority has evaluated subsequent events for potential recognition and disclosure through July 29, 2020, the date of this report.

**O. 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 the Board and that are either unusual in nature or infrequent in occurrence. The Port Authority reported a special item during 2019 for transferring the remaining trust balance to Huntington Bank for the bond fund balances on financings moved in fiscal year 2018.

**P. Conduit Debt**

The Port Authority issues conduit debt on behalf of other entities, whether public entities or private companies, whether taxable or tax exempt. The Port Authority is contractually protected from liability related to these issues. For the purposes of the financial statements, the various conduit debts of the Port Authority are classified in one of two manners, depending on applicable accounting rules. First, a completely “off book” issuance where the Port Authority has issued the debt in name only on behalf of a private company, or organization. These are disclosed within Note 7. Second, bond issuances that involve a lease receivable where the company or organization is responsible for making payments to a trustee for payment of principal, interest and related fees on debt issued in the Port Authority’s name. These are disclosed in Notes 7 and 8 and reported within the Agency Fund statements.



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**3. DEPOSITS AND INVESTMENTS**

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

Active deposits are public deposits determined to be necessary to meet current demands upon 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.

Inactive deposits are public deposits that the Board of Directors have 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.

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 five years from the date of deposit or by savings accounts, including passbook accounts.

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

- 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 and interest by the United States;
- 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 Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 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;
- Bond and other obligations of the State of Ohio and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions for the State of Ohio, if training requirements have been met;

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**3. DEPOSITS AND INVESTMENTS (continued)**

- 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;
- The State Treasurer's investment pool (STAR Ohio);
- Certain banker's acceptances and commercial paper notes in an amount not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met; and,
- Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

Protection of the Port Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Port Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Deposits**

At fiscal year end, the carrying value of the Port Authority's deposits was \$2,027,448 and the bank balance was \$2,027,455. \$500,000 of the Port Authority's deposits was insured by federal depository insurance with the remaining \$1,527,455 being collateralized by the Ohio Pooled Collateral System.

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**3. DEPOSITS AND INVESTMENTS (continued)**

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 and deposited either with the Port Authority or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred two percent of the deposits being secured.

**Investments**

As of December 31, 2019, the Port Authority had the following investments reported in the enterprise fund:

	<u>Fair Value</u>	<u>Using</u>	<u>Maturity</u>	<u>Rating</u>	<u>Credit Risk</u>
Money Market Account	\$ 173,662	Level 1	0.10	AAAm	100.00%

As of December 31, 2019, the Port Authority had the following investments reported in the agency fund:

	<u>Fair Value</u>	<u>Using</u>	<u>Maturity</u>	<u>Rating</u>	<u>Credit Risk</u>
Commercial Paper	180,713	Level 2	0.17	AAA	0.89%
Federal Farm Credit Corporation Notes	380,497	Level 2	8.50	AAA	1.87%
US Treasury Bill	2,361,846	Level 2	0.12	AAA	11.63%
Certificates of Deposit	1,912,816	Level 2	1.74	AAA	9.42%
Money Market Account	15,469,465	Level 1	0.10	AAAm	76.19%
Totals	<u>\$20,305,337</u>				

*Fair Value Measurement* - Fair value as defined by GASB Statement No. 72 requires the Port Authority to apply valuation techniques that best represent fair value in the circumstances-market approach, cost approach and income approach. The following are the levels for which inputs can be measured. Level 1 – quoted prices (unadjusted) in active markets for identical assets/liabilities (most reliable); Level 2 – quoted prices for similar assets/liabilities, quoted price for identical assets/liabilities or similar assets/liabilities in markets that are not active, or other quoted prices that are observable; and Level 3 – unobservable inputs (least reliable).

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**3. DEPOSITS AND INVESTMENTS (continued)**

*Interest Rate Risk* - The Port Authority has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Port Authority, and that an investment must be purchased with the expectation that it will be held to maturity. The Port Authority's investment policy allows investments in the bond fund reserves to match the debt obligation maturity since those reserves are intended to retire the final year(s) of principal maturities.

*Credit Risk* - The Port Authority has no investment policy that would further limit its investment choices.

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Port Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Port Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk* - The Port Authority places no limit on the amount it may invest in any one issuer.

**4. CAPITAL ASSETS**

A summary of the changes in capital assets during the year ended December 31, 2019, follows:

	Balance 12/31/2018	Increases	Decreases	Balance 12/31/2019
Capital Assets, not depreciated				
Land	\$212,120	\$0	\$0	\$212,120
Construction in progress	12,005,426	4,647,313	0	16,652,739
Capital Assets, being depreciated				
Land Improvements – Retention Pond	2,496,940	0	0	2,496,940
Accumulated Depreciation	(561,825)	(62,425)	0	(624,250)
Capital Assets, Net	<u>\$14,152,661</u>	<u>\$4,584,888</u>	<u>\$0</u>	<u>\$18,737,549</u>

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**5. RISK MANAGEMENT**

The Port Authority is covered by public official liability insurance with Cincinnati Indemnity Company. Coverage with a private carrier provides bonding, liability insurance on the \$1,000,000 maximum per claim and in aggregate. There is no general liability coverage as the Port Authority does not maintain a separate place of business or have employees to insure although the Port Authority does pick up specific insurance coverage for events or locations through the Cincinnati Indemnity Company.

Settled claims have not exceeded commercial insurance coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

**6. LONG-TERM OBLIGATIONS**

A summary of the changes in long-term obligations in the enterprise fund during the year ended December 31, 2019 follows:

	<b>Balance 12/31/2018</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance 12/31/2019</b>	<b>Due within one year</b>
Revenue Special Obligation Bonds	\$7,970,000	\$0	\$220,000	\$7,750,000	\$230,000

The revenue special obligation bonds were issued at a fixed interest rate of 3.36 percent on September 29, 2017. The debt was issued for the purpose of constructing a sports complex along State Route 741 in western Warren County. The bonds payments are backed by the hotel tax in Warren County collected through the Convention and Visitor's Bureau. During 2018, the bonds were refunded to move a portion of the bonds to the Port Authority's Bond Fund with the remaining amount as an enterprise fund obligation. The bonds mature on December 1, 2042.

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**6. LONG-TERM OBLIGATIONS (continued)**

A summary of the changes in long-term obligations in the agency fund during the year ended December 31, 2019 follows:

	<b>Balance 12/31/2018</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance 12/31/2019</b>	<b>Due within one year</b>
1 - Refunded Project Improvement Bonds	\$10,740,000	\$0	\$490,000	\$10,250,000	\$515,000
2 - Refunded Special Obligations Bonds	3,550,000	0	45,000	3,505,000	350,000
3 - Revenue Special Obligation Bonds	7,355,000	0	205,000	7,150,000	210,000
4 - Refunded Project Improvement Bonds	1,310,000	0	210,000	1,100,000	230,000
5 - Refunded Special Obligation Bonds	8,410,000	0	225,000	8,185,000	290,000
6 - Special Assessment Revenue Bonds	2,685,000	0	0	2,685,000	0
7 - Special Obligation Revenue Bonds	8,435,000	0	140,000	8,295,000	155,000
8 - Various Purpose Bonds 2019A	0	1,925,000	140,000	1,785,000	160,000
9 - Various Purpose Bonds 2019B	0	1,825,000	290,000	1,535,000	315,000
10 - PACE Revenue Bonds 2019C	0	390,000	0	390,000	35,000
11 - Public Infrastructure Revenue Bonds	0	5,975,000	0	5,975,000	0
<b>Total</b>	<b>\$42,485,000</b>	<b>\$10,115,000</b>	<b>\$1,745,000</b>	<b>\$50,855,000</b>	<b>\$2,260,000</b>

- 1- The project improvement bonds were issued in November 2017 to refund the original debt from 2008. The debt was issued for the purpose of constructing street improvements, utilities and a storm water control system in a commercial development. The bonds are repaid through tax increment financing revenue and special assessment revenue deposited by the City of Monroe with Huntington Bank. The bonds mature on December 1, 2034 and have an interest rate of 4.0%.
  
- 2- The special obligation bonds were issued in November 2017 to refund the original debt from 2009. The debt was issued for the purpose of constructing street improvements around a new retail development in the western portion of Warren County. The bonds are repaid through tax increment financing revenue generated by the Chelsea Mall project deposited by the City of Monroe with Huntington Bank. The bonds mature on December 1, 2028 and have an interest rate of 2.75%.
  
- 3- The revenue special obligation bonds were issued in June 2018 to refund the original debt from 2017. The debt is issued for the purpose of constructing a sports complex along State Route 741 in western Warren County. The bonds payments are backed by the hotel tax in Warren County collected through the Convention and Visitor's Bureau with a portion remaining as an enterprise fund obligation. These funds were deposited by the Port Authority with Huntington Bank. The bonds mature on December 1, 2042 and have an interest rate of 3.36%.

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**6. LONG-TERM OBLIGATIONS (continued)**

- 4- The project improvement bonds were issued in August 2018 to refund the original debt issued by Warren County as part of the Miami Valley Gaming & Racing project. The debt was issued for public infrastructure improvements necessary for the project. The bonds are repaid through tax increment financing deposited by Warren County with Huntington Bank. The bonds mature on December 1, 2023 and have an interest rate of 3.20%.
- 5- The refunded special obligations bonds were issued in October 2018 to refund the original debt issued by South Lebanon as part of the Rivers Crossing commercial development project. The bonds are repaid through tax increment financing deposited by South Lebanon with Huntington Bank. The bonds mature on December 1, 2036 and have an interest rate of 4.71%.
- 6- The special assessment revenue bonds were issued in November 2018 to help finance the roadways for a new development in the City of Monroe to the northwest of State Route 63 and Union Road. The bonds are repaid through a special assessment levied against the property owners that benefit from the improvements. The funds are deposited by the City of Monroe with Huntington Bank. The bonds mature on June 1, 2040 and have an interest rate of 5.75%.
- 7- The special obligation revenue bonds were issued bonds in December 2018 to help finance the plant improvements and refinance prior debt the Franklin Area Wastewater District (the "District") had outstanding. The Port Authority issued \$1,790,000 as taxable bonds and \$6,645,000 as tax exempt bonds. The District is responsible for depositing the monthly requirement with Huntington Bank from the charges to customers. The bonds mature on December 1, 2028 for the taxable portion and December 1, 2048 for the tax exempt portion and have an interest rate of 3.08% to 5.25%.
- 8- The various purpose refunding bonds were issued in May 2019 to refund the original debt issued by Warren County for various special assessment projects. The bonds are repaid through special assessment revenues deposited by Warren County with Huntington Bank. The bonds mature on December 1, 2028 and have an interest rate of 2.57%.
- 9- The various purpose refunding bonds were issued in May 2019 to refund the original debt issued by Warren County for various special assessment projects. The bonds are repaid through special assessment revenues deposited by Warren County with Huntington Bank. The bonds mature on December 1, 2027 and have an interest rate of 2.57%.
- 10- The PACE revenues bonds were issued in June 2019 to help finance energy improvements at the CBI Middletown Project. The bonds are repaid through special assessment revenues deposited by City of Middletown with Huntington Bank. The bonds mature on December 1, 2029 and have an interest rate of 3.09%.

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**6. LONG-TERM OBLIGATIONS (continued)**

- 11- The public infrastructure bonds were issued in November 2019 to finance the West Milton Stillwater Crossings Project. The bonds are repaid through TIF revenues deposited by West Milton with Huntington Bank. The bonds mature on December 1, 2052 and have an interest rate of 4.00% to 5.00%.

The following are schedules of future debt service requirements to maturity as of December 31, 2019 for the enterprise fund:

Years	Principal	Interest	Total
2020	\$230,000	\$260,400	\$490,400
2021	235,000	252,672	487,672
2022	245,000	244,776	489,776
2023	250,000	236,544	486,544
2024	260,000	228,144	488,144
2025-2029	1,450,000	1,002,960	2,452,960
2030-2034	1,700,000	743,232	2,443,232
2035-2039	2,010,000	437,304	2,447,304
2040-2042	1,370,000	93,240	1,463,240
Totals	<u>\$7,750,000</u>	<u>\$3,499,272</u>	<u>\$11,249,272</u>

The following are schedules of future debt service requirements to maturity as of December 31, 2019 for the agency fund:

Years	Principal	Interest	Total
2020	\$2,260,000	\$2,072,867	\$4,332,867
2021	2,395,000	1,996,658	4,391,658
2022	2,485,000	1,913,864	4,398,864
2023	2,690,000	1,827,512	4,517,512
2024	2,175,000	1,732,478	3,907,478
2025-2029	12,035,000	7,371,105	19,406,105
2030-2034	10,535,000	5,204,652	15,739,652
2035-2039	6,880,000	3,104,727	9,984,727
2040-2044	4,515,000	1,806,278	6,321,278
2045-2049	3,790,000	863,250	4,653,250
2050-2052	1,095,000	111,500	1,206,500
Totals	<u>\$50,855,000</u>	<u>\$28,004,891</u>	<u>\$78,859,891</u>



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**7. PROJECTS**

VH Monroe Special Assessment Project

The Port Authority has worked with the City of Monroe and VH Monroe (now owned by Industrial Development International or “IDI”) to partner with the parties to provide assistance to the project through a special assessment note and bond issuance that occurred in 2008 (the “Project”). The Project provides for ten large commercial/industrial buildings on the western edge of Warren County in the City of Monroe referred to Park North as IDI at Monroe. The Project is located on the southeastern corner of State Route 63 and Interstate 75. Through 2019, there have been nine buildings constructed for a total of over 5.8 million square feet of building space. The Port Authority’s role was necessary to help move the Project forward allowing the retention pond and some other public infrastructure to be completed by the developer. The Project is located in a tax increment financing district and Community Reinvestment Act (CRA) area for the City of Monroe. The City of Monroe has pledged the special assessment receipts as part of the collateral to pay the Port Authority’s future debt service obligations. Based on an initial analysis done, the Port Authority is expected to receive \$19,969,200 in contributions from the City of Monroe for this Project from those receipts. The intergovernmental receivable will be reduced by the annual payments although the special assessment receipts could vary since they are certified annually based on expected payments in lieu of taxes for each year.

Cincinnati Premium Outlets

The Port Authority has worked with the City of Monroe and Chelsea Properties to provide financing on the local infrastructure improvements around the Cincinnati Premium Outlets Center (the Center) and some of the connecting roadways. The Center opened in the fall of 2009 and has provided Warren County with substantial new retail development for the area. The Center is located on the southeastern corner of State Route 63 and Interstate 75. The Port Authority’s role was necessary to help finance the project as the City of Monroe had implemented a special assessment for the project and needed the Port Authority to issue the debt for the project. The project was backed financially by tax increment financing, then the special assessment payments and then the general obligation of the City of Monroe.

E-Beam Services

The Port Authority worked with E-Beam Services to help facilitate the use of economic recovery zone facility bonds for the building expansion and related equipment needs. The conduit debt financing closed on August 31, 2010 for \$6,500,000, with \$3,785,000 outstanding as of December 31, 2019. The project is completely backed and secured through E-Beam Services and merely reported as a conduit debt issued through the Port Authority.

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**7. PROJECTS (continued)**

Setzer Properties LLC (Federal Express)

In 2012, the Port Authority worked with Setzer Properties LLC (Setzer) to facilitate the construction and equipping of a 178,000 square foot distribution facility to be located in Warren County. Under the terms of the agreement, the Port Authority entered into a ground lease and project lease with Setzer, under which Setzer 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 Setzer. Under this lease, Setzer will make rental payments of \$4,000 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, Setzer will continue to be responsible for all maintenance and upkeep on the facilities. As a result, Setzer will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Delaware North

In 2013, the Port Authority worked with Delaware North to facilitate the financing and construction of a 188,000 square foot live horse racing and slot machine facility located on State Route 63 in Warren County. Under the terms of the agreement, the Port Authority entered into a ground lease and project lease with Delaware North, under which Delaware North 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 Delaware North. Under this lease, Miami Valley Gaming will make rental payments of \$1,000 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. Miami Valley Gaming also made an upfront payment to the Port Authority of \$850,000. This amount will be recognized as revenue by the Port Authority, ratably, over the term of the lease. Additionally, Delaware North will continue to be responsible for all maintenance and upkeep on the facilities, as a result, Delaware North recorded the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income. In 2014, the Warren County Commission entered into a Development Agreement with the Port Authority to administer the tax increment finance funds in relation to the project.

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**7. PROJECTS (continued)**

Pratt Industries

In 2013, the Port Authority entered into an agreement with Preble County to help finance the building structure for Pratt Industries (Pratt). Pratt selected Lewisburg for a state-of-the-art facility that will house its division, Lewisburg Corrugating. Under the terms of the agreement, the Port Authority entered into a ground lease and project lease with Pratt, under which Pratt 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 Pratt. Under this lease, Pratt will make rental payments of \$2,000 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. The Port Authority received an upfront payment of \$20,000 that will be recognized ratably over the life of the lease. Additionally, Pratt will continue to be responsible for all maintenance and upkeep on the facilities. As a result, Pratt will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Industrial Developments International, Inc.

In 2013, the Port Authority entered into an agreement with Industrial Developments International, Inc. (IDI) to help finance and construct building #9 at the business park in the City of Monroe located in Warren County. Under the terms of the agreement, the Port Authority entered into a ground lease and project lease with IDI, under which IDI 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 IDI. Under this lease, IDI will make rental payments of \$3,000 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. The Port Authority received an upfront payment of \$30,000 that will be recognized ratably over the life of the lease. Additionally, IDI will continue to be responsible for all maintenance and upkeep on the facilities. As a result, IDI will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income. During 2016, IDI amended the lease for a second time that generated an additional \$6,000.

**WARREN COUNTY PORT AUTHORITY**  
**WARREN COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**7. PROJECTS (continued)**

During 2015, the Port Authority entered into an agreement with IDI to help finance and construct buildings #4 (mainly 430,000 squared feet in tenant improvements) and #8 (a 993,000 squared foot spec building). The terms of the lease agreements were materially similar to building #9. The Port Authority received an upfront payment of \$137,622 that will be recognized ratably over the life of the lease.

During 2016, the Port Authority entered into an agreement with IDI to help finance and construct building #5 (a 143,664 squared foot spec building). The terms of the lease agreements were materially similar to building #9. The Port Authority received an upfront payment of \$30,000 that will be recognized ratably over the life of the lease.

During 2017, the Port Authority entered into agreements with IDI to help finance and construct buildings #6 and #10 (a 755,911 squared foot spec building and a 1,299,794 squared foot spec building). The terms of the lease agreements were materially similar to buildings #5 and #9. The Port Authority received upfront payments of \$413,625 that will be recognized ratably over the life of the lease.

During 2018, the Port Authority entered into an agreement with IDI to help finance and construct building #3 (a 194,680 squared foot spec building). The term of the lease agreement was materially similar to prior buildings. The Port Authority received an upfront payment of \$55,000 that will be recognized ratably over the life of the lease.

Advics Manufacturing

In 2014, the Port Authority entered into an agreement with Advics Manufacturing (Advics) to acquire title to structures and other site improvements to be located on the Project Site consisting of two additions to existing manufacturing facilities, namely an approximately 65,000 square foot expansion of the CPD plant, which produces electronic stability control components, into bays 1-34 and 8, as well as an approximately 18,000 square foot expansion of the disk brake caliper plant into docks C and D. 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 Advics. Under this lease, Advics will make rental payments of \$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. The Port Authority received upfront payments of \$31,000 that will be recognized ratably over the life of the lease. Additionally, Advics will continue to be responsible for all maintenance and upkeep on the facilities. As a result, Advics will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

**WARREN COUNTY PORT AUTHORITY**  
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**7. PROJECTS (continued)**

During 2015, the Port Authority entered into two amendments with Advics to expand the Project by installing approximately 16,000 square foot addition and then another 144,000 square foot expansion to support the Project. The Port Authority received upfront payments of \$65,903 that will be recognized ratably over the remaining life of the lease.

Henny Penny Corporation

In 2014, the Port Authority entered into an agreement with Henny Penny Corporation (Henny Penny) to acquire title to structures and other site improvements to be located on the Project Site consisting of primarily a 45,500 square foot office and manufacturing facility. 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 Henny Penny. Under this lease, Henny Penny will make rental payments of \$1,000 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. Both amounts have been prepaid as of December 31, 2014. The Port Authority received upfront payments of \$18,084 that will be recognized ratably over the life of the lease. Additionally, Henny Penny will continue to be responsible for all maintenance and upkeep on the facilities. As a result, Henny Penny will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

During 2017, Henny Penny entered into an agreement with the Port Authority to improve approximately a 10,000 square foot lobby. The Port Authority received upfront payments of \$10,875 that will be recognized ratably over the life of the lease.

During 2019, Henny Penny entered into an agreement with the Port Authority for Phase 2 project development including 75,000 square foot manufacturing and another 45,000 square foot of engineering and project development as well as other uses. The Port Authority received upfront payments of \$84,988 that will be recognized over the life of the lease.

Ralph J Stolle Countryside YMCA

In 2014, the Port Authority entered into an agreement with the Ralph J Stolle Countryside YMCA to issue conduit debt financing which closed on June 30, 2014, for \$8,800,000 with \$6,956,528 outstanding at December 31, 2019. The proceeds were used to remodel the facility and make the functionality and flow of the facility more appropriate to their members' needs.

**WARREN COUNTY PORT AUTHORITY**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**7. PROJECTS (continued)**

AK Steel Project

During 2015, the Port Authority entered into an agreement with the City of Middletown to acquire title to a structure and other site improvements to be located on approximately 16 acres consisting primarily of an approximately 135,140 square foot facility for the purpose of research and development or other office or industrial use and approximately 150 parking spaces in support of the project. The Port Authority entered into a lease with Fortress Credit Corporation for eighteen years. Fortress Credit Corporation pays \$2,500 each year as rent on project. The Port Authority received upfront payments of \$127,000 that will be recognized ratably over the life of the lease. Additionally, AK Steel will continue to be responsible for all maintenance and upkeep on the facilities. As a result, AK Steel will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Arbor Square Investments (SMB&P Project)

During 2015, the Port Authority entered into a capital lease financing structure in order to refinance the debt on the office building of Schroeder, Maundrell, Barbieri & Powers, a law firm located in Mason, Ohio (“SMB&P”). The Port Authority issued taxable lease revenue bonds in the amount of \$3,645,000 to cover the cost of acquiring the two-story office building and a leasehold interest in the 2.051 acres of real property on which the building sits (the “Project”). These lease revenue bonds will be marketed for private placement by First Southwest Company, LLC for a period of between three and five weeks (exclusive of weeks with holidays). The Port Authority entered into a 25 year capital lease with Arbor Square Investments, LLC, to service the debt on the bonds. The Port Authority received upfront payments of \$20,000 that were recognized during 2015. Additionally, Arbor Square Investments will continue to be responsible for all maintenance and upkeep on the facilities. As a result, Arbor Square Investments will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

**WARREN COUNTY PORT AUTHORITY**  
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**7. PROJECTS (continued)**

Bishop Fenwick School (School)

During 2015, the Port Authority issued \$8,000,000 aggregate principal amount of its Development Revenue Refunding Bonds as of July 1, 2015 for the purpose of making a loan of the proceeds thereof to the School to provide funds to refund a portion of the outstanding principal amount of the City of Middletown, Ohio Adjustable Rate Demand Development Revenue Bonds, Series 2003, which Refunded Bonds were issued in the original principal amount of \$12,250,000 and the proceeds of which Refunded Bonds were used to provide for the acquisition, construction, equipping, and improvement of Bishop Fenwick High School located as 4855 State Route 122, Franklin, Ohio 45005. The Port Authority received principal payments of \$408,032 during 2019 leaving a balance of \$5,858,249 at December 31, 2019. Additionally, Bishop Fenwick School will continue to be responsible for all maintenance and upkeep on the facilities. As a result, Bishop Fenwick School will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Victory Wholesale

During 2016, the Port Authority issued \$600,000 aggregate principal amount Economic Development Notes as of September 2016 for the purpose of assisting the City of Springboro in providing an incentive to Brothers Trading Company, Inc. (Company) to expand its operations in the City by constructing, equipping and operating a new two-hundred fifty-five square foot warehouse and distribution facility. The Port Authority received payments of \$55,125 that are recognized over the six year term of the notes. The Port Authority provided a sales tax exemption to reduce the overall cost of construction on the project. Additionally, the Company will continue to be responsible for all maintenance and upkeep on the facilities. As a result, the Company will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Lebanon Citizen's National Bank

During 2016, the Port Authority entered into ground leasing financing structure in order to assist in the construction and equipping of a 48,525 square foot office and headquarters for Lebanon Citizen's National Bank (Bank). The Port Authority provided a sales tax exemption to reduce the cost of constructing the three-story office building and received a leasehold interest in the 2.360 acres of real property on which the building sits (the "Project"). The Port Authority received upfront payments of \$64,152 that is amortized over the life of the lease, which is ten years. Additionally, the Bank will continue to be responsible for all maintenance and upkeep on the facilities. As a result, the Bank 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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**7. PROJECTS (continued)**

Hopkins Commons

During 2017, the Port Authority entered into a 10 year lease with Hopkins Development, LLC in order to construct primarily a senior independent living facility with approximately 127 market rate apartments including a senior center to include meeting and activity rooms, offices and a restaurant. The Port Authority received upfront payments of \$86,000 that will be recognized as revenue over the life of the lease. Additionally, Hopkins Development will continue to be responsible for all maintenance and upkeep on the facilities. As a result, Hopkins Development will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Warren County Sports Complex

On September 29, 2017, the Port Authority issued \$15,735,000 in connection with the Warren County Convention and Visitor's Bureau (the "CVB") sport complex project (the "Complex"). Warren County pledged an additional one-percent hotel tax along with the remaining three-percent hotel tax as a secondary pledge as revenue to repay the debt service on the bonds. The Port Authority owns fee title to the site on which the Complex is located, and the Port Authority leases the Complex to the CVB pursuant to a 99 year lease. The CVB is responsible for maintaining and operating the Complex, which opened in the fall of 2018 with the remaining grass fields open in 2019. The Complex is located north of State Route 63 along State Route 741. The Port Authority received upfront payments of \$150,808 that will be recognized as revenue over the life of the lease. During 2019, the Port Authority received \$538,829 in hotel lodging tax for the project related to the enterprise portion of the obligation.

South Lebanon – Rivers Crossing Project

On October 12, 2018, the Port Authority issued \$8,410,000 in connection with refunding the original debt issued by the Village of South Lebanon. The original debt was issued to finance public infrastructure around the Rivers Crossing commercial development project. The Port Authority received upfront payments of \$64,050 that will be recognized as revenue over the life of the lease. Additionally, Rivers Crossing will continue to be responsible for all maintenance and upkeep on the facilities. The Port Authority will receive annual administrative fees on the bonds.



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**7. PROJECTS (continued)**

City of Monroe – CCU Development

On November 9, 2018, the Port Authority issued \$2,865,000 of special assessment revenue bonds in connection with the CCC development on the northwest corner of State Route 63 and Union Road. The Port Authority received upfront payments of \$27,670 that will be recognized as revenue over the life of the lease. Additionally, CCC will be responsible for all maintenance and upkeep on the facilities until they are eventually dedicated to the City of Monroe. The Port Authority will receive annual administrative fees on the bonds.

District at Deerfield

On June 28, 2018, the Port Authority entered into a 10 year lease with District Partners in order to construct integrated, mixed-use development on 28 acres in Deerfield Township. The Port Authority received upfront payments of \$165,000 will be recognized as revenue over the life of the lease. Additionally, the developer will be responsible for all maintenance and upkeep on the facilities. As a result, the developer will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Green Point Metals

On May 29, 2018, the Port Authority entered into a 10 year lease with Green Point Metals in order to construct a 60,805 square foot expansion on their existing facility in Franklin. This allowed Greenpoint to add an additional line of business. The Port Authority received upfront payments of \$32,100 that will be recognized as revenue over the life of the lease. Additionally, Green Point Metals will be responsible for all maintenance and upkeep on the facilities. As a result, the Green Point Metals will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Middletown Cardiovascular

On April 20, 2018, the Port Authority entered into a 10 year lease with S3C Enterprises in order to construct a 25,000 square foot facility in Middletown for cardiovascular health care services. The Port Authority received upfront payments of \$21,000 that will be recognized as revenue over the life of the lease. Additionally, S3C Enterprises will be responsible for all maintenance and upkeep on the facilities. As a result, the S3C Enterprises will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

**WARREN COUNTY PORT AUTHORITY**  
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**7. PROJECTS (continued)**

Monmouth RE

On June 29, 2018, the Port Authority entered into a 10 year lease with Monmouth RE in order to construct a 155,000 square foot expansion of building #9 (UGN) in the Park North development. The Port Authority received upfront payments of \$47,250 that will be recognized as revenue over the life of the lease. Additionally, Monmouth RE will be responsible for all maintenance and upkeep on the facilities. As a result, the Monmouth RE will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Franklin Area Wastewater District

On December 19, 2018, the Port Authority issued \$8,434,000 of taxable and tax-exempt bonds in connection with improvements to the Franklin Areas Wastewater plant and to refund the prior debt issued. The original debt was issued to finance public infrastructure for the facility. The Port Authority received upfront payments of \$71,154 that will be recognized as revenue over the life of the lease. Additionally, the District will continue to be responsible for all maintenance and upkeep on the facilities. The Port Authority will receive annual administrative fees on the bonds.

Peters Cartridge

On February 14, 2019, the Port Authority entered into a 10-year lease with Peters Cartridge Factory LLC (Peters Cartridge) in order to facilitate the acquisition, construction, equipping, development, improvement, and renovation of a blighted factory into an approximately 240,000 square foot mixed-used complex, including approximately 134 apartments, 15,309 square foot of commercial space for restaurants, retail office space and outdoor and indoor parking. The Port Authority received upfront payments of \$105,000 that will be recognized as revenue over the life of the lease. Additionally, Peters Cartridge will be responsible for all maintenance and upkeep on the facilities. As a result, the Peters Cartridge will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Neaton Auto

On November 25, 2019, the Port Authority entered into a 35-year lease with Neaton Auto Products Manufacturing, Inc. (Neaton Auto) in order to construct a 153,000 square foot warehouse and manufacturing facility in the City of Eaton. The Port Authority received upfront payments of \$51,405 that will be recognized as revenue over the life of the lease. Additionally, Neaton Auto will be responsible for all maintenance and upkeep on the facilities. As a result, the Neaton Auto will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

**WARREN COUNTY PORT AUTHORITY**  
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**FOR THE YEAR ENDED DECEMBER 31, 2019**

**7. PROJECTS (continued)**

West Milton Stillwater Crossings

On December 3, 2019, the Port Authority issued \$12,080,000 of revenue bonds in connection with improvements to the Stillwater Crossing New Community Authority (NCA) public infrastructure development. The Port Authority received upfront payments of \$90,600 that will be recognized as revenue over the life of the lease. Additionally, NCA will be responsible for all maintenance and upkeep on the facilities. As a result, the NCA will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

**8. INTERGOVERNMENTAL RECEIVABLE**

For the year ended December 31, 2019, changes in Port Authority's intergovernmental receivables were as follows:

	<u>Balance at January 1, 2019</u>	<u>Additions</u>	<u>Payments/ Deletions</u>	<u>Balance at December 31, 2019</u>
<b><u>Enterprise Funds:</u></b>				
Sports Complex	\$11,969,864	\$2,608	\$0	\$11,972,472
<b><u>Agency Funds:</u></b>				
Sports Complex	11,526,783	0	455,806	11,070,977
Racino	1,348,313	0	266,930	1,081,383
South Lebanon/Rivers Crossing	12,650,664	0	674,700	11,975,964
City of Monroe	4,895,239	0	136,613	4,758,626
Chelsea Mall	3,792,308	0	150,708	3,641,600
Park North	14,841,507	0	902,472	13,939,035
Franklin Area WW District	16,777,197	0	538,373	16,238,824
2019A Warren County	0	2,261,634	361,545	1,900,089
2019B Warren County	0	2,018,043	499,282	1,518,761
Middletown PACE	0	479,630	45,039	434,591
West Milton Stillwater Crossing	0	12,933,602	815,894	12,117,708
Total Agency Funds:	<u>65,832,011</u>	<u>17,692,909</u>	<u>4,847,362</u>	<u>78,677,558</u>
Total All Funds:	<u>\$77,801,875</u>	<u>\$17,695,517</u>	<u>\$4,847,362</u>	<u>\$90,650,030</u>

**WARREN COUNTY PORT AUTHORITY**  
**WARREN COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**9. SUBSEQUENT EVENTS**

During the normal course of business, the Port Authority has entered into various agreements with private developers and other organizations to foster economic development within Warren County and the surrounding region.

During February 2020, the Port Authority issued \$1,750,000 of special obligation revenue bonds for the Warren County Community Services. The WCCS issued the bonds, backed by operating revenues to construct a facility and other improvements. Refinancing the prior issuance lowered the interest rate on the debt.

The United State and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the COVID-19 and the ensuing emergency measures will impact subsequent periods of the Port Authority. The Port Authority's investment portfolio may incur a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Port Authority's future operating costs, revenues and recovery from emergency funding, either federal or state, cannot be estimated.

**10. CHANGE IN ACCOUNTING PRINCIPLES**

For 2019, the Port Authority has implemented GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance.*" GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended December 31, 2019. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed by one year. The County has elected to postpone implementing the following pronouncements until the fiscal year ended December 31, 2020:

**WARREN COUNTY PORT AUTHORITY**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**10. CHANGE IN ACCOUNTING PRINCIPLES (continued)**

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 90, *Majority Equity Interests*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

Warren County Port Authority  
Warren County  
406 Justice Drive  
Suite 301  
Lebanon, Ohio 45036

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities and the aggregate remaining fund information of the Warren County Port Authority, Warren County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Warren County Port Authority's basic financial statements and have issued our report thereon dated July 29, 2020, wherein we noted as discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Warren County Port Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Warren County Port Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Warren County Port Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Warren County Port Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Warren County Port Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Warren County Port Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
July 29, 2020



**WARREN COUNTY PORT AUTHORITY  
WARREN COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2019**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b><u>Finding Summary</u></b>	<b>Status</b>	<b>Additional Information</b>
2018-001	2018	<u>Significant Deficiency – Financial Statement Presentation</u> – An adjustment was necessary to increase intergovernmental receivable - current by \$277,492, intergovernmental receivable – noncurrent by \$3,722,372, and deferred inflows of resources by \$3,999,864 to properly state intergovernmental receivables and deferred inflows at fiscal year end.	Corrective Action Taken and Finding is Fully Corrected	N/A

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# OHIO AUDITOR OF STATE KEITH FABER



**WARREN COUNTY PORT AUTHORITY**

**WARREN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 9/29/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)