



OHIO AUDITOR OF STATE
KEITH FABER



**WARREN COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
WARREN COUNTY
DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

Warren County Transportation Improvement District
Warren County
210 W. Main Street
Lebanon, Ohio 45036

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warren County Transportation Improvement District, Warren County, Ohio (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District'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 District'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 District'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 governmental activities, each major fund, and the aggregate remaining fund information of the Warren County Transportation Improvement District, Warren County, Ohio, as of December 31, 2020, and the respective changes in financial position 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 continuing emergency measures may impact subsequent periods of the District. 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 May 4, 2021, on our consideration of the District'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 District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
May 4, 2021

WARREN COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
WARREN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

This discussion and analysis of the Warren County Transportation Improvement District's (the District's) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 are as follows:

- The District's net position increased by \$3,677,956 to a year-end total of \$3,852,359.
- During the period, the District generated \$7,152,691 of revenues and incurred expenses of \$3,474,735.

USING THIS ANNUAL REPORT

This annual report consists of two parts – management's discussion and analysis and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District. These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position (the difference between the District's assets and liabilities) is one way to measure the District's financial health or condition.

Over time, increases or decreases in the District's net position can be used as an indicator of whether its financial health is improving or deteriorating, respectively. However, since the District is essentially a conduit for infrastructure projects and neither takes title to the underlying assets nor records a receivable for pledged long-term revenues, the District expects that its net position will decrease (and fluctuate) over time. As such, while many political subdivisions can be analyzed, in part, by looking at whether net position is increasing or decreasing, this is not necessarily true for the District.

The government-wide financial statements of the District reflect the following category for its activities:

Governmental Activities – The District's programs and services are reported as governmental activities and include general government and highways and streets.

WARREN COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
 WARREN COUNTY, OHIO
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements when there are differences.

DISTRICT SUMMARY

The District as a Whole

The following table provides a summary of the District's Net Position at December 31:

	Governmental Activities	
	2020	2019
Current Assets	\$ 10,598,724	\$ 9,529,573
Total Assets	10,598,724	9,529,573
Current and Other Liabilities	1,417,971	1,458,021
Long-Term Liabilities	5,328,394	7,897,149
Total Liabilities	6,746,365	9,355,170
Net Position:		
Unrestricted	3,852,359	174,403
Total Net Position	\$ 3,852,359	\$ 174,403

Current assets increased in 2020 as the District continued to accumulate resources from funding partners to advance projects of the District. Long-term liabilities decreased in 2020 as the District continued to retire long-term debt.

WARREN COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
WARREN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

The following table provides a summary of the District's changes in net position for the years ended December 31:

	Governmental Activities	
	2020	2019
Revenues		
General Revenues:		
Interest	\$ 72,698	\$ 216,318
Program Revenues:		
Capital Grants and Contributions	7,079,993	4,067,715
Total Revenues	<u>7,152,691</u>	<u>4,284,033</u>
Program Expenses		
General Government	124,773	88,311
Highways and Streets	3,132,875	2,514,272
Interest and Fiscal Charges	217,087	275,138
Total Expenses	<u>3,474,735</u>	<u>2,877,721</u>
Change in Net Position	3,677,956	1,406,312
Beginning Net Position	174,403	(1,231,909)
Ending Net Position	<u>\$ 3,852,359</u>	<u>\$ 174,403</u>

Governmental Activities

During 2020, Net Position of the District's governmental activities increased by \$3,677,956. Capital grants and contributions of \$7,079,993 were the result of contracts and intergovernmental agreements with funding partners. Total expenses for the period of \$3,474,735 were related to the administrative cost of operating the District (\$124,773) as well as transportation project engineering, design and construction costs (\$3,132,875) that has been classified as a *Highways and Streets*-type of program expense and interest and fiscal charges related to the issuance of the Series 2016 bonds (\$217,087).

The District's Funds

The District's governmental funds reported a combined fund balance of \$9,191,001 at December 31, 2020, which was an increase from December 31, 2019 of \$1,104,259. This increase was the result of the District's capital project funds receiving intergovernmental revenue (as agreed to by its funding partners via intergovernmental agreements) at a faster pace than project-related expenses were incurred. Additionally, during 2020, the General Fund's balance decreased by \$281,186, as operating and project expenses were outpaced by intergovernmental and interest revenue.

WARREN COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
WARREN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2020, the District reported no capital assets.

Debt

At December 31, 2020, the District had a total of \$5,370,000 of general obligation bonds outstanding. The bonds were issued in December of 2016 for the purposes of advancing infrastructure projects in specific areas of southwest Warren County, Ohio. See Note 8 to the basic financial statements for more detailed information on the debt obligations of the District.

ECONOMIC FACTORS

As with most infrastructure projects to be undertaken by local governments, the challenge facing the District is the future of both state and federal funding. With careful planning and monitoring of the District's finances and continued cooperation with local, state and federal officials, the District is confident that funding challenges can be overcome to develop, implement and construct the improvements envisioned to improve the prosperity, health, safety, and welfare of the people of Warren County and the State of Ohio.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Secretary-Treasurer, Warren County Transportation Improvement District, 210 West Main Street, Lebanon, Ohio 45036.

WARREN COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
WARREN COUNTY, OHIO
Statement of Net Position
December 31, 2020

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 10,598,724
Total Assets	10,598,724
Liabilities:	
Accounts Payable	24,755
Contracts Payable	132,968
Accrued Interest Payable	10,248
Due to Other Governments	1,250,000
Long-Term Liabilities:	
Due Within One Year	2,645,000
Due Within More Than One Year	2,683,394
Total Liabilities	6,746,365
Net Position:	
Unrestricted	3,852,359
Total Net Position	\$ 3,852,359

See accompanying notes to the basic financial statements.

WARREN COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
WARREN COUNTY, OHIO
Statement of Activities
For the Year Ended December 31, 2020

		Program Revenues		Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 124,773	\$ -	\$ -	\$ (124,773)
Highways and Streets	3,132,875	-	7,079,993	3,947,118
Interest and Fiscal Charges	217,087	-	-	(217,087)
Total Governmental Activities	3,474,735	-	7,079,993	3,605,258
		General Revenues:		
		Interest		72,698
		Total General Revenues		72,698
		Changes in Net Position		3,677,956
		Net Position at Beginning of Year		174,403
		Net Position at End of Year		\$ 3,852,359

See accompanying notes to the basic financial statements.

WARREN COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
WARREN COUNTY, OHIO
Balance Sheet
Governmental Funds
December 31, 2020

	Major Governmental Funds								
	General	I71 / Western Row Road Interchange Fund	Southwest Warren County Capital Projects Fund	Wilkens Boulevard Corridor Capital Improvement Fund	Series 2016 Bond Issuance Capital Project Fund	State Route 63 Corridor Capital Project Fund	Warren County BOCC Capital Improvement Program Fund	Other Governmental Funds	Total Governmental Funds
Assets:									
Equity in Pooled Cash and Cash Equivalents	\$ 696,712	\$ -	\$ 2,255,677	\$ -	\$ 3,526,524	\$ 1,887,135	\$ 1,246,251	\$ 986,425	\$ 10,598,724
Interfund Receivable	-	-	500,000	-	-	-	-	-	500,000
Total Assets	\$ 696,712	\$ -	\$ 2,755,677	\$ -	\$ 3,526,524	\$ 1,887,135	\$ 1,246,251	\$ 986,425	\$ 11,098,724
Liabilities:									
Accounts Payable	\$ 24,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,755
Contracts Payable	-	-	32,235	-	77,858	681	-	22,194	132,968
Interfund Payable	-	-	-	500,000	-	-	-	-	500,000
Due to Other Governments	-	1,250,000	-	-	-	-	-	-	1,250,000
Total Liabilities	24,755	1,250,000	32,235	500,000	77,858	681	-	22,194	1,907,723
Fund Balance:									
Restricted:									
Infrastructure Projects	-	-	2,723,442	-	3,448,666	1,886,454	1,246,251	964,231	10,269,044
Assigned	31,646	-	-	-	-	-	-	-	31,646
Unassigned	640,311	(1,250,000)	-	(500,000)	-	-	-	-	(1,109,689)
Total Fund Balance	671,957	(1,250,000)	2,723,442	(500,000)	3,448,666	1,886,454	1,246,251	964,231	9,191,001
Total Liabilities and Fund Balance	\$ 696,712	\$ -	\$ 2,755,677	\$ -	\$ 3,526,524	\$ 1,887,135	\$ 1,246,251	\$ 986,425	\$ 11,098,724

See accompanying notes to the basic financial statements.

WARREN COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
WARREN COUNTY, OHIO

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2020*

Total Governmental Fund Balances	\$ 9,191,001
<i>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</i>	
Long-term debt obligations are not due and payable in the current period and therefore are not reported in the funds:	
Discount on Bonds	41,606
Accrued Interest Payable	(10,248)
General Obligation Bonds Payable	<u>(5,370,000)</u>
Net Position of Governmental Activities	<u>\$ 3,852,359</u>

See accompanying notes to the basic financial statements.

WARREN COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
WARREN COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	Major Governmental Funds								
	General	171 / Western Row Road Interchange Fund	Southwest Warren County Capital Projects Fund	Wilkens Boulevard Corridor Capital Improvement Fund	Series 2016 Bond Issuance Capital Project Fund	State Route 63 Corridor Capital Project Fund	Warren County BOCC Capital Improvement Program Fund	Other Governmental Funds	Total Governmental Funds
Revenues:									
Intergovernmental	\$ 48,627	\$ -	\$ -	\$ -	\$ 4,531,366	\$ -	\$ 2,500,000	\$ -	\$ 7,079,993
Interest	72,092	-	-	-	606	-	-	-	72,698
Total Revenues	120,719	-	-	-	4,531,972	-	2,500,000	-	7,152,691
Expenditures:									
General Government	124,773	-	-	-	-	-	-	-	124,773
Highways and Streets	277,132	-	277,500	-	1,769,214	44,711	-	764,318	3,132,875
Debt Service:									
Interest and Fiscal Charges	-	-	-	-	200,784	-	-	-	200,784
Principal	-	-	-	-	2,590,000	-	-	-	2,590,000
Total Expenditures	401,905	-	277,500	-	4,559,998	44,711	-	764,318	6,048,432
Excess of Revenues Over (Under) Expenditures	(281,186)	-	(277,500)	-	(28,026)	(44,711)	2,500,000	(764,318)	1,104,259
Other Financing Sources (Uses):									
Transfers-In	-	-	1,250,105	-	-	-	-	1,253,749	2,503,854
Transfers-Out	-	(131,059)	-	-	-	-	(1,253,749)	(1,119,046)	(2,503,854)
Total Other Financing Sources (Uses)	-	(131,059)	1,250,105	-	-	-	(1,253,749)	134,703	-
Net Change in Fund Balance	(281,186)	(131,059)	972,605	-	(28,026)	(44,711)	1,246,251	(629,615)	1,104,259
Fund Balance at Beginning of Period	953,143	(1,118,941)	1,750,837	(500,000)	3,476,692	1,931,165	-	1,593,846	8,086,742
Fund Balance at End of Period	\$ 671,957	\$ (1,250,000)	\$ 2,723,442	\$ (500,000)	\$ 3,448,666	\$ 1,886,454	\$ 1,246,251	\$ 964,231	\$ 9,191,001

See accompanying notes to the basic financial statements.

WARREN COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
WARREN COUNTY, OHIO
*Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020*

Net Change in Fund Balance - Total Governmental Funds	\$	1,104,259
 <i>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</i>		
 The Issuance of Long-Term Debt Provides Current Financial Resources to Governmental Funds, While the Repayment of Principal and Long-Term Debt Consumes the Current Financial Resources of Governmental Funds:		
Payment on Bonds		2,590,000
 Governmental Funds Report Discount as Expenses Whereas these Amounts are Capitalized and Amortized in the Statement of Activities:		
Amortization of Discount on Bonds		(21,245)
 Accrued Interest Payable Reported in the Statement of Activities does not Require the Use of Current Financial Resources and Therefore is not Reported as an Expenditure in the Funds.		
		4,942
 Change in Net Position of Governmental Activities	 \$	 3,677,956

See accompanying notes to the basic financial statements.

Warren County Transportation Improvement District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

1. REPORTING ENTITY

The Warren County Transportation Improvement District (the District) is a body politic and corporate, created for the purpose of financing, constructing, maintaining, repairing, and operating selected transportation projects. The District was specifically created pursuant to Chapter 5540 of the Ohio Revised Code, as amended. The District was created by action of the Board of Warren County Commissioners on January 27, 2011.

The District is governed by a Board of Trustees that acts as the authoritative and legislative body of the entity. The Board is comprised of seven members of whom five are voting and two are non-voting. Each Board member serves a term of two years and there are no term limits for reappointment. The five voting Board members are appointed by the Board of Warren County Commissioners. The Speaker of the Ohio House of Representatives and the President of the Ohio Senate each appoint one non-voting member. None of the Board members receive compensation for serving on the Board.

District Officers consist of a Chairman, Vice-Chairman and Secretary-Treasurer, who are elected annually from among the voting members of the Board. The Chairman, Vice-Chairman and Secretary-Treasurer serve at the pleasure of the Board and are subject to removal by an affirmative vote of the majority of the Board at any time. The Chairman's responsibilities are to preside at all meetings of the Board and be the chief officer of the District. The Secretary-Treasurer serves as the fiscal officer of the District.

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

The District's management believes these financial statements represent all activities for which the District is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government.

Warren County Transportation Improvement District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

2B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There is one category of funds: Governmental.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District has the following major governmental funds:

General Fund – Accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

I71 / Western Row Road Interchange Fund – Accounts for resources to be used for infrastructure projects in the vicinity of the I71 / Western Row Road Interchange area.

Southwest Warren County Capital Projects Fund – Accounts for resources (restricted for certain infrastructure improvements) that have been received from Warren County's P&G TIF.

Wilkins Boulevard Corridor Capital Improvement Fund – Accounts for resources to be used for infrastructure projects along the Wilkins Boulevard Corridor.

Series 2016 Bond Issuance Capital Project Fund – Accounts for resources to be used for infrastructure projects permitted by the debt issuance agreement.

Warren County Transportation Improvement District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

State Route 63 Corridor Capital Project Fund – Accounts for resources to be used for infrastructure projects along the State Route 63 Corridor.

Warren County BOCC Capital Improvement Program Fund – Accounts for resources to be used for certain infrastructure projects that have been agreed to by the Warren County Board of County Commissioners through an intergovernmental agreement with the District.

2C. Measurement Focus

Governmental-Wide Financial Statements - The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the Statement of Net Position. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

All Governmental funds are accounted for using a *flow of current financial resources* measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Classification of Fund Balance

In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," the District's fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. At December 31, 2020, the District did not report any fund balance classified as nonspendable.

2. Restricted

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Warren County Transportation Improvement District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

3. Committed

The District's Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the District's Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. At December 31, 2020, the District did not report any fund balance classified as committed.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent resources set aside for purchase commitments by the Secretary-Treasurer.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

2D. Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

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Warren County, Ohio
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Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as inflow of resources in the periods that the amounts become available or for the periods in which they are to be used.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

2E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet and statement of net position.

2F. Receivables

Receivables, when presented, generally consist of intergovernmental receivables arising from voluntary non-exchange transactions.

2G. Capital Assets

The District reports no capital assets. Title to assets maintained by the District as part of project related expenditures will transfer to the County or State upon project completion.

2H. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that are incurred and are paid in a timely manner with current financial resources are reported as obligations of the funds. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

Warren County Transportation Improvement District
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For the Year Ended December 31, 2020

2I. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and eliminated in the Statement of Activities. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

2J. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provision, enabling legislation, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District is somewhat unique in that it has issued debt to construct infrastructure improvements that are capital assets of legally separate entities. Since the District must report the corresponding debt issued as a liability, but with no corresponding capital asset to recognize, the District's net position is decreased.

2K. Estimates

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

3. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

Monies held by the District are classified by State statute into three categories.

Active deposits are public deposits necessary to meet current demands upon the District. Active deposits must be maintained either as cash by the District, 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 District has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Warren County Transportation Improvement District
Warren County, Ohio
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The District has an Investment Policy that authorizes the Secretary-Treasurer to make investments of available monies from the funds of the District in securities as authorized by State law. These include:

- Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for payment of principal and interest thereon but does not include stripped principal or interest obligations of such obligations;
- Bonds, notes, debentures, or any other obligations or securities directly issued by a Federal government agency or instrumentality;
- Interim deposits in Board-approved depositories;
- Bonds and other obligations of the State;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullet points above and repurchase agreements secured by such obligations, provided such investments are made only through banks and savings and loan institutions authorized by R.C. 135.03;
- The State Treasury Asset Reserve (STAR Ohio).

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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

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

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

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

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At year-end, the carrying amount of the District's deposits was \$10,598,724 and the bank balance was \$10,981,597. Federal depository insurance covered \$500,000 of the bank balance. The remaining \$10,481,597 was collateralized in a manner described above.

4. INTERGOVERNMENTAL AGREEMENTS

As of December 31, 2020, the District has entered into various intergovernmental agreements with the Warren County Commissioners, Warren County Engineers Office, Deerfield Township, the Cities of Springboro and Mason, and the Village of South Lebanon to provide funding to the District to facilitate the development and implementation of the District's projects.

Further, the District's Board has authorized a 3 percent management fee (charged to the entity contracting with the District) to assist and manage certain projects authorized by the District's Board.

5. CONTRACTUAL COMMITMENTS

As of December 31, 2020, the District had open, unpaid contractual commitments related to engineering and design work of approximately \$3.0 million.

6. INTERFUND ACTIVITY

Transfers

During 2020, the District made the following transfers to provide resources for current project expenses:

From	To	Amount
I71/Western Row Interchange Fund	Southwest Warren Co. Cap. Project Fund	\$ 131,059
Mason-Montgomery Rd Corridor Fund	Southwest Warren Co. Cap. Project Fund	1,016,088
Socialville-Fosters Rd Corridor Fund	Southwest Warren Co. Cap. Project Fund	102,158
Warren County BOCC Cap. Imp. Program Fund	King Avenue Improvement Fund	90,720
Warren County BOCC Cap. Imp. Program Fund	SR 48 22 3 Improvement Fund	1,163,029
		<u>\$2,503,054</u>

Advances

At December 31, 2020, the Southwest Warren County Capital Projects Fund had an interfund receivable of \$500,000 from the Wilkens Boulevard Corridor Capital Improvement Fund. The advance was initiated in order to provide current resources for project expenses.

Warren County Transportation Improvement District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

7. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- General Liability
- Public Officials Liability
- Crime

There have been no claims resulting from these risks since the inception of the District. Additionally, there have been no significant changes in coverage during the year.

8. LONG TERM OBLIGATIONS

The changes in the District's long-term liabilities for the year ended December 31, 2020, were as follows:

Governmental Activities:	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds:					
Series 2016 - 2.290%	\$ 7,960,000	\$ -	\$ (2,590,000)	\$ 5,370,000	\$ 2,645,000
Discount	(62,851)	-	21,245	(41,606)	-
Total Governmental Activities	<u>\$ 7,897,149</u>	<u>\$ -</u>	<u>\$ (2,568,755)</u>	<u>\$ 5,328,394</u>	<u>\$ 2,645,000</u>

The District's Series 2016 General Obligation Bonds were issued on December 15, 2016 in the amount of \$15,395,000 to advance infrastructure improvements in specific areas of southwest Warren County, Ohio. The Series 2016 General Obligation Bonds are direct obligations and pledge the full faith and credit of the District. The bonds are payable by the District from County-pledged payments in lieu of taxes via an intergovernmental agreement between the District and Warren County.

Principal and interest requirements to retire the District's General Obligation Bonds as of December 31, 2020, are as follows:

	<u>Series 2016 General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,645,000	\$ 122,973	\$ 2,767,973
2022	<u>2,725,000</u>	<u>62,403</u>	<u>2,787,403</u>
Total	<u>\$ 5,370,000</u>	<u>\$ 185,376</u>	<u>\$ 5,555,376</u>

9. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs and revenues cannot be estimated.

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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 Transportation Improvement District
Warren County
210 W. Main Street
Lebanon, Ohio 45036

To the Board of Trustees:

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 governmental activities, each major fund, and the aggregate remaining fund information of the Warren County Transportation Improvement District, Warren County, (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated May 4, 2021. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District’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 District’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 District’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 financial statements. 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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
May 4, 2021

OHIO AUDITOR OF STATE KEITH FABER



WARREN COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

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 6/1/2021

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