



OHIO AUDITOR OF STATE
KEITH FABER



**WARREN COUNTY PORT AUTHORITY
WARREN COUNTY
DECEMBER 31, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Warren County Port Authority, Warren County, Ohio (Port Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Port Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024, on our consideration of the 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port Authority's 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 Port Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
September 23, 2024

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WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(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, 2023. The intent of this discussion and analysis is to look at the Port Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Port Authority's financial performance.

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 2023 are as follows:

- 2023 provided the Port Authority with \$810,168 (down from \$1,486,133 for fiscal year 2022) in current year recognized administrative fees and rental income from projects. The Port Authority now has twenty-three bond issues outstanding in the Ohio Communities Accelerator fund that generates annual revenue as well. The Port Authority was also involved in several other projects during the year that brought in additional cash support.
- The ending unrestricted cash and cash equivalents balance was \$2,708,102, which is a decrease from the 2022 ending balance of \$2,986,049. The reason for the decrease is the larger amount of funds provided to supplement the Ohio Communities Accelerator fund reserves.
- The Board designated \$622,410 of those unrestricted funds to evaluate development options.
- Operating expenses less depreciation were \$829,520, which is down from the 2022 amount of \$2,278,706. The decrease was the result of higher shared revenues and professional service expense in the prior year.
- The local nonoperating contributions are related to lodging taxes to pay for the enterprise portion of the Sports Complex financing as well as the new improvements at the complex from the Warren County Convention Visitor's Bureau and monies provided by Warren County to finance the Middletown Event center.
- The Port Authority had two debt financings run through the Ohio Communities Accelerator Bond Fund ("bond fund") during 2023 totaling \$10,347,000 with a total outstanding amount of \$100,605,000.

WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(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, a statement of fiduciary net position and a statement of changes in fiduciary net position. 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, 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
WARREN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(UNAUDITED)

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

Table 1 - Net Position

	<u>2022</u>	<u>2023</u>
Assets:		
Current assets	\$5,023,389	\$6,986,712
Noncurrent assets	9,444,980	10,030,840
Capital assets, net depreciation	<u>17,769,334</u>	<u>23,792,312</u>
Total Assets	<u>32,237,703</u>	<u>40,809,864</u>
Liabilities:		
Current liabilities	2,602,621	3,184,632
Long-term liabilities	<u>9,568,201</u>	<u>9,758,543</u>
Total Liabilities	<u>12,170,822</u>	<u>12,943,175</u>
Deferred Inflows of Resources	<u>9,939,424</u>	<u>10,256,575</u>
Net Position:		
Net Investment in Capital Assets	10,729,334	15,963,782
Restricted for Debt Service	233,549	199,960
Restricted for Capital Projects	8,451	2,319,734
Unrestricted	<u>(843,877)</u>	<u>(873,362)</u>
Total Net Position	<u>\$10,127,457</u>	<u>\$17,610,114</u>

The Port Authority saw significant changes in 2023. The Port Authority completed two bond fund financings and several conduit bond issuances. The Port Authority did transfer additional funds to the Ohio Community Accelerator Fund to increase the reserves. These changes actually caused the unrestricted cash balance drop slightly. The current assets increased with restricted cash for the Deerfield Township projects and Middletown Event Center. The current portion of the intergovernmental receivable was higher with the interest rate reset as well. The Port Authority is also the owner of the sports complex with the asset reported as land improvements making up the largest part of the capital assets and was depreciated as the facility opened in 2020. For 2023, the Port Authority made additional improvements to the sports complex and started work on the Middletown Event Center. Both of these projects are classified as construction in progress. The Port Authority also reports a loan receivable as noncurrent assets for the loan to the Warren County Agricultural Society.

The current liabilities increased with the outstanding contract and retainage payables related to the Deerfield Township project and Event Center. Long term liabilities increased as the amount of unearned revenue increased more than the principal paid on sports complex financing during 2023.

WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(UNAUDITED)

Table 2 compares the changes in net position for the years 2022 and 2023.

Table 2 - Changes in Net Position

	2022	2023
Operating Revenues:		
Administrative Fees and Rental	\$1,486,133	\$810,168
Other Revenues	60,452	100,278
Total Operating Revenues	<u>1,546,585</u>	<u>910,446</u>
Operating Expenses:		
Legal fees	109,210	169,304
Accounting and Auditing	19,853	19,228
Professional Services	1,403,887	133,253
Other General Administration	186,823	292,520
Insurance	3,246	5,063
Other	154,474	78,683
Intergovernmental	401,213	131,469
Depreciation	497,126	497,126
Total Operating Expenses	<u>2,775,832</u>	<u>1,326,646</u>
Operating (Loss)	<u>(1,229,247)</u>	<u>(416,200)</u>
Nonoperating Revenues (Expenses):		
Interest Revenue	16,180	158,268
Local Contributions - nonoperating	8,158,889	12,001,647
State/Local Grants	246.821	350,000
Project expenses	(5,984,469)	(3,283,588)
Interest and Trustee Expenses	(287,790)	(370,207)
Total Nonoperating Revenues (Expenses)	<u>2,149,631</u>	<u>8,856,120</u>
Special item	(24,292)	(957,263)
Change in Net Position	896,092	7,482,657
Net Position, Beginning of Year	<u>9,231,365</u>	<u>10,127,457</u>
Net Position, End of Year	<u><u>\$10,127,457</u></u>	<u><u>\$17,610,114</u></u>

WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(UNAUDITED)

As stated earlier, the Port Authority saw reported administrative fee activity decrease significantly compared to the prior year as the Port Authority received fees from eleven different projects in fiscal year 2022 compared to nine new projects in fiscal year 2023. The Port Authority recognizes a portion of the cash fees received in fiscal year 2023 and prior years, which accounts for \$350,199 of the 2023 fees reported. A portion of the administrative fees received on projects in Madison County are shared (reported as intergovernmental expenses) with Madison County. The Port Authority also collects annual bond fund administrative on the outstanding bond issuance; although it wasn't received until January 2024 but it recorded as a receivable. 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 \$1,063,023 on a cash basis for administrative fees on these projects during 2023.

The Port Authority's expenses decreased in fiscal year 2023. Intergovernmental expenses were higher in 2022 due to revenue sharing payments with Madison County and five payments to Preble County. The Port Authority also continues to pay an annual administrative fee to Warren County for use of the economic development department. The professional services line decreased significantly because of the payable reported in 2022 for the Park North project. The Port Authority also reported non-operating expenses of \$6 million related to the City of Springboro and Clearcreek Township projects during 2022 but only \$3.3 million in 2023 for the Deerfield Township projects and City of Franklin Streetscape project. The nonoperating local contributions went up significantly with funding from Warren County to assist in the Middletown Event Center and other projects previously mentioned above.

The special item for both fiscal years relates to additional funding the Port Authority sent to the trustee to increase the reserves for the bond fund.

Capital Assets and Debt

The Port Authority recognized net capital assets of \$23,792,312 as of December 31, 2023. For more information on the Port Authority's 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 twenty-three bond financings with an outstanding balance of \$100,605,000 at December 31, 2023. For more information on the Port Authority's debt, see Note 6.

WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(UNAUDITED)

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 93 jobs, retaining 100 jobs, starting 10 new businesses for \$5,760,000 in capital impact and also through advocacy efforts of the Warren County Chamber Alliance for calendar year 2023. This allows the Port Authority to be full circle in its' efforts to serve large and small businesses within southwest Ohio.

For fiscal year 2023, the Port Authority had the following economic impact. The Port Authority issued \$10,347,000 through the Ohio Communities Accelerator Fund and involved in seven other material projects in the region.

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, 2023

ASSETS:

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 2,708,102
Restricted Cash and Cash Equivalents	3,157,308
Accounts Receivable	398,572
Accrued Interest Receivable	4,818
Intergovernmental Receivable	717,912
TOTAL CURRENT ASSETS	6,986,712

NONCURRENT ASSETS:

Loan Receivable	350,000
Intergovernmental Receivable	9,680,840
Nondepreciable Capital Assets, Net	6,732,224
Depreciable Capital Assets, Net	17,060,088
TOTAL NONCURRENT ASSETS	33,823,152

TOTAL ASSETS

40,809,864

LIABILITIES:

CURRENT LIABILITIES:

Accounts Payable	65,172
Contracts Payable	2,403,126
Retainage Payable	101,285
Accrued Interest Payable	26,311
Unearned Revenue - Short Term	328,738
Special Obligation Bonds - Due in One Year	260,000
TOTAL CURRENT LIABILITIES	3,184,632

LONG TERM LIABILITIES:

Unearned Revenue - Long Term	3,228,543
Special Obligation Bonds	6,530,000
TOTAL LONG TERM LIABILITIES	9,758,543

TOTAL LIABILITIES

12,943,175

DEFERRED INFLOWS OF RESOURCES:

Intergovernmental	10,256,575
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NET POSITION:

Net Investment in Capital Assets	15,963,782
Restricted for Debt Service	199,960
Restricted for Capital Projects	2,319,734
Unrestricted (Deficit)	(873,362)
TOTAL NET POSITION	\$ 17,610,114

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, 2023**

OPERATING REVENUES:

Administrative Fees	\$ 810,168
Local Government Receipts	31,129
Other Revenues	<u>69,149</u>
Total Operating Revenues	<u>910,446</u>

OPERATING EXPENSES:

Insurance	5,063
Legal Fees	169,304
Accounting and Auditing	19,228
Professional Services	133,253
Other General Administration	292,520
Intergovernmental	131,469
Other	78,683
Depreciation	<u>497,126</u>
Total Operating Expenses	<u>1,326,646</u>
Operating Loss	<u>(416,200)</u>

NONOPERATING REVENUES (EXPENSES):

Interest Revenue	158,268
Local Contributions - nonoperating	12,001,647
Local Grants	350,000
Franklin Streetscape project expenses	(680,348)
Deerfield project expenses	(2,603,240)
Interest and Trustee Expenses	<u>(370,207)</u>
Nonoperating Revenues/Expenses, Net	<u>8,856,120</u>

INCOME BEFORE SPECIAL ITEM 8,439,920

Special item - net impact of bond fund transfers (957,263)

CHANGE IN NET POSITION 7,482,657

Net Position, Beginning of Year 10,127,457
Net Position, End of Year \$ 17,610,114

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, 2023**

Cash flows from operating activities:

Cash received from customers	\$ 1,063,023
Cash received from Chamber Alliance members	42,653
Cash payments to supplier for goods and services	(477,674)
Cash payments to local governments for project and other related costs	(131,469)
Cash paid on behalf of Chamber Alliance	(189,539)
Other miscellaneous revenue	69,149
Net cash provided by operating activities	<u><u>376,143</u></u>

Cash flows from noncapital financing activities:

Local Contributions	7,933,931
State Grants	20,451
Deerfield Township project expenses	(1,965,609)
Park North Deceleration Lane project expenses	(947,982)
Clearcreek Township project expenses	(1,061,684)
Cash payments for scholarships	(56,200)
Net cash provided by noncapital financing activities	<u><u>3,922,907</u></u>

Cash Flows from capital and related financing activities:

Local Contributions	4,623,063
Distribution for Loans	(350,000)
Port Authority transfers to the Ohio Communities Bond Fund	(957,263)
Acquisition and Construction of Capital Assets	(5,481,574)
Principal Paid on Project Improvement Bonds	(250,000)
Interest Paid on All Debt	(363,608)
Net cash used for capital and related financing activities	<u><u>(2,779,382)</u></u>

Cash flows from investing activities:

Net Interest received	153,450
Net cash provided by investing activities	<u><u>153,450</u></u>
Net Increase in Cash and Cash Equivalents	1,673,118
Cash and cash equivalents at beginning of year	4,192,292
Cash and cash equivalents at end of year	<u><u>\$ 5,865,410</u></u>

Reconciliation of operating loss to net cash provided by operating activities

Operating Loss	\$ (416,200)
Depreciation	497,126
Adjustments to reconcile operating loss to net cash provided by operating activities	
(Acrease) in Accounts Receivable	(231,517)
Increase in Accounts Payable	22,369
Increase in Contracts Payable	8,469
Increase in Unearned Revenue	<u><u>495,896</u></u>
Net cash provided by operating activities	<u><u>\$ 376,143</u></u>

Note: Capital assets include \$1,038,530 of contracts payable.

See accompanying notes to the basic financial statements

WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2023

Assets:

Restricted Cash and Cash Equivalents	\$ 7,828
Cash and Investments	
in Restricted Trust Accounts	20,819,277
Intergovernmental Receivable	<u>155,569,431</u>
 Total Assets	 <u>176,396,536</u>

Liabilities:

Interest and Fees Payable	63,689,541
Revenue Bonds Payable - Due in One Year	3,413,000
Revenue Bonds Payable - Due over One Year	<u>97,751,000</u>
 Total Liabilities	 <u>164,853,541</u>

Net Position:

Restricted for Debt Service	14,096,648
Restricted for Capital Purposes	3,808,516
Unrestricted	<u>(6,362,169)</u>
 Total Net Position	 <u>\$ 11,542,995</u>

See accompanying notes to the basic financial statements

WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
FOR THE YEAR FISCAL YEAR ENDED DECEMBER 31, 2023

	Ohio Communities Accelerator Fund	Warren County Small Business Development Association	Total Custodial Funds
<u>Additions:</u>			
Local contributions	\$ 10,478,447	\$ 200,419	\$ 10,678,866
Additional reserve funding	723,947	-	723,947
Interest income	743,344	449	743,793
Total Additions	11,945,738	200,868	12,146,606
<u>Deductions:</u>			
Professional services	53,203	-	53,203
Project distributions	7,053,271	-	7,053,271
Intergovernmental payments	131,203	221,900	353,103
Bond issuance costs	747,582	-	747,582
Total Deductions	8,128,518	221,900	8,350,418
Net Change in Fiduciary Net Position	3,817,220	(21,032)	3,796,188
Beginning Net Position	7,717,947	28,860	7,746,807
Ending Net Position	\$ 11,535,167	\$ 7,828	\$ 11,542,995

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, 2023

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. 14, *The Financial Reporting Entity*, as amended by Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34 and GASB Statement No. 97 “Certain Component Unit Criteria, and accounting and financial reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* in that the financial statements include all divisions and operations for which the Port Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization’s governing board and is able to impose its will on the organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or to impose specific financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Port Authority itself is included in the financial reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of 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, 2023

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.

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The 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 custodial funds. The Port Authority maintains two fiduciary custodial funds for its projects that are issued through the Ohio Communities Accelerator Fund (the “Bond Fund”) and the fiduciary relationship the Port Authority has with the Warren County Small Business Development Association. 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 and non-governmental entities.

Examples of such projects are Park North, Chelsea Mall, Sports Park at Union Village, Racino, Franklin Wastewater, Middletown PACE, West Milton, Springboro’s Fiber Optic project, Clearcreek Township project that includes a new police building, road equipment/maintenance buildings and improvements to the administrative building and refinancing certain Warren County issues. Fiscal year 2021 saw two prior deals refinanced (Rivers Crossing and the Monroe special assessment project), City of Springfield Bridgewater Infrastructure, Shady Terrace, NOEPC Permanent Financing (which refinanced nine smaller loans into one), City of Springdale Merchant Street Redevelopment, and Burr Oak. Fiscal year 2022 included another phase of the Sawyer Mill development and additional infrastructure at the Park North industrial park. New deals in fiscal year 2023 include the Riverside project in South Lebanon and the Deerfield Township Parking Garage.

WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 custodial fund uses the economic resources measurement focus for the results of operations.

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 2023, the Port Authority invested in money market funds, certificates of deposit, federal agency securities and State Treasury Asset Reserve of Ohio (STAR Ohio). 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.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, "Certain External Investments Pools and Pool Participants". Investments in STAR Ohio and money market funds are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at December 31, 2023, which approximates fair value.

**WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For 2023, there were no limitations or restrictions on any participants withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest revenue earned during 2023 was \$158,268 in the enterprise fund and \$743,793 in the custodial funds which includes the change in fair value of investments.

E. Restricted Cash and Investments

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 \$3,157,308 (enterprise) and \$20,819,277 (fiduciary) as of December 31, 2023.

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 on the Port Authority's fiduciary financial statements. The amount held by the Port Authority as of December 31, 2023 was \$7,828.

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, 2023, from Warren County in connection with the special obligation bonds payable from the one percent lodging tax related to the non-Bond Fund debt.

WARREN COUNTY PORT AUTHORITY
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Port Authority reports an intergovernmental receivable in the Custodial Ohio Communities Accelerator 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, state grants, bond interest and trustee expenses, and various project expenses comprise the nonoperating revenues and expenses of the Port Authority.

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 2023 consists of administrative fees earned in current and prior fiscal years amortized over the remaining life of the lease agreements.

**WARREN COUNTY PORT AUTHORITY
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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.

**WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Fiduciary Fund statements.

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;

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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3. DEPOSITS AND INVESTMENTS (continued)

- 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;
- 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.

WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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3. DEPOSITS AND INVESTMENTS (continued)

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 the 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 on the statement of net position was \$2,845,978 and the bank balance was \$2,865,979. \$250,000 of the Port Authority's deposits was insured by federal depository insurance with the remaining \$2,622,979 being collateralized by the Ohio Pooled Collateral System.

The Port Authority has a \$7,828 carrying value of deposits held in the custodial accounts is related to Warren County Small Business Development Association as the cash and investments in restricted trust accounts presented on the statement of fiduciary net position is considered invested for reporting purposes. None of the \$7,828 was insured by federal depository insurance but was collateralized by the Ohio Pooled Collateral System.

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.

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3. DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2023, the Port Authority had the following investments reported in the enterprise fund:

	Fair Value	Fair Value Measurement Using	Average Year to Maturity	S&P Rating	Concentration of Credit Risk
STAR Ohio	\$ 2,913,524	NA	0.10	AAAm	96.51%
Money Market Account	105,328	Level 1	0.10	AAAm	3.49%
Totals	<u>\$3,018,852</u>				

As of December 31, 2023, the Port Authority had the following investments reported in the custodial fund:

	Fair Value	Using	Maturity	Rating	Concentration Risk
Federal Farm Credit Corporation Notes	\$ 11,713,769	Level 2	2.22	AAA	56.26%
Federal Home Loan Banks Notes	437,194	Level 2	5.89	AAA	2.10%
Money Market Account	8,668,314	Level 1	0.10	AAAm	41.64%
Totals	<u>\$20,819,277</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).

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.

WARREN COUNTY PORT AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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3. DEPOSITS AND INVESTMENTS (continued)

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, 2023, follows:

	Balance 12/31/2022	Increases	Decreases	Balance 12/31/2023
Capital Assets, not depreciated				
Land	\$212,120	\$0	\$0	\$212,120
Construction in Progress	0	6,520,104	0	6,520,104
Capital Assets, being depreciated				
Land Improvements – Retention Pond	2,496,940	0	0	2,496,940
Land Improvements – Sports Complex	17,175,902	0	0	17,175,902
Accumulated Depreciation	(2,115,628)	(497,126)	0	(2,612,754)
Capital Assets, Net	<u>\$17,769,334</u>	<u>\$6,022,978</u>	<u>\$0</u>	<u>\$23,792,312</u>

5. RISK MANAGEMENT

The Port Authority was covered by public official liability insurance with the County Risk Sharing Authority (CORS). Coverage with the private carrier and CORS provides bonding, liability insurance on the \$1,000,000 maximum per claim and in aggregate. The Port Authority has general liability coverage through CORS with a \$2,000,000 limit and no aggregate maximum. The CORS coverage also provides errors and omissions liability of \$1,000,000 per occurrence and aggregate as well as cyber extortion of \$50,000 per occurrence and aggregate.

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.

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6. LONG-TERM OBLIGATIONS

A summary of the changes in long-term obligations in the enterprise fund during the year ended December 31, 2023 follows:

	Balance 12/31/2022	Increase	Decrease	Balance 12/31/2023	Due within one year
Revenue Special Obligation Bonds	\$7,040,000	\$0	\$250,000	\$6,790,000	\$260,000

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 reset on December 1, 2022 to 4.65%. The bonds mature on December 1, 2042.

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WARREN COUNTY PORT AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

6. LONG-TERM OBLIGATIONS (continued)

A summary of the changes in long-term obligations in the custodial fund during the year ended December 31, 2023 follows:

	Balance 12/31/2022	Increase	Decrease	Balance 12/31/2023	Due within one year
1 - Refunded Project Improvement Bonds	\$8,645,000	\$0	\$580,000	\$8,065,000	\$600,000
2 - Refunded Special Obligations Bonds	2,435,000	0	375,000	2,060,000	390,000
3 - Revenue Special Obligation Bonds	6,495,000	0	235,000	6,260,000	240,000
4 - Refunded Project Improvement Bonds	390,000	0	390,000	0	0
5 – Special Obligation Revenue Bonds	7,810,000	0	175,000	7,635,000	180,000
6 – Various Purpose Bonds 2019A	1,295,000	0	175,000	1,120,000	175,000
7 – Various Purpose Bonds 2019B	560,000	0	225,000	335,000	35,000
8 – PACE Revenue Bonds 2019C	295,000	0	30,000	265,000	30,000
9 – Public Infrastructure Revenue Bonds	5,975,000	0	95,000	5,880,000	180,000
10 - Special Obligation Revenue Bonds	1,535,000	0	80,000	1,455,000	85,000
12 - Special Obligation Revenue Bonds	8,030,000	0	300,000	7,730,000	310,000
Discounts on Bond Issue	(99,460)	5,526	0	(93,934)	0
13 - Special Obligation Revenue Bonds	5,330,000	0	75,000	5,255,000	150,000
Premium on Bond Issue	74,039	0	2,468	71,571	0
14 - Special Obligation Revenue Bonds	7,580,000	0	385,000	7,195,000	395,000
Discounts on Bond Issue	(71,736)	5,124	0	(66,612)	0
15 - Special Obligation Revenue Bonds	2,660,000	0	95,000	2,565,000	100,000
Discounts on Bond Issue	(28,247)	2,018	0	(26,229)	0
16 - Special Obligation Revenue Bonds	7,555,000	0	0	7,555,000	0
Premium on Bond Issue	179,048	0	5,426	173,622	0
17 - Special Obligation Revenue Bonds	3,895,000	0	0	3,895,000	0
Premium on Bond Issue	280,103	0	11,671	268,432	0
18 - Special Obligation Revenue Bonds	3,300,000	0	220,000	3,080,000	230,000
19 - Special Obligation Revenue Bonds	10,500,000	0	0	10,500,000	0
20 - Special Obligation Revenue Bonds	4,450,000	0	0	4,450,000	0
Premium on Bond Issue	239,888	0	7,738	232,150	0
21 – Special Obligation Revenue Bonds	3,210,000	0	0	3,210,000	0
22 – Special Obligation Revenue Bonds	2,195,000	0	125,000	2,070,000	125,000
23 – Special Obligation Revenue Bonds	0	7,082,000	322,000	6,760,000	188,000
24 – Special Obligation Revenue Bonds	0	3,265,000	0	3,265,000	0
Total	\$94,713,635	\$10,359,668	\$3,909,303	\$101,164,000	\$3,413,000

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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6. LONG-TERM OBLIGATIONS (continued)

- 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 had an interest rate of 3.36%. On December 1, 2022, the interest rate reset to 4.65%.
- 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 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%.
- 6- 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%.

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6. LONG-TERM OBLIGATIONS (continued)

- 7- 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%.
- 8- 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 the City of Middletown with Huntington Bank. The bonds mature on December 1, 2029 and have an interest rate of 3.09%.
- 9- 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%. \$2,656,000 of this issue was refunded with the new bond fund issuance during December 2020 titled 2020D.
- 10- The special obligation revenue bonds were issued bonds in March 2020 to assist the Warren County Community Services (the “WCCS”) refinance prior debt and provided additional funds for the agency. The Port Authority issued \$1,750,000 as tax exempt bonds. The WCCS is responsible for semi-annual payments for the debt payments. The bonds mature on December 1, 2029 and have an average interest rate of 2.39%.
- 11- The City retired the bonds early during fiscal year 2022.
- 12- The special obligation revenue bonds were issued bonds in November 2020 to assist Clearcreek Township with construction of a new police building, new road equipment building, road maintenance building renovations and renovations to the current administration building. The Port Authority issued \$8,600,000 as tax exempt bonds. The Township is responsible for semi-annual payments for the debt payments. The bonds mature on December 1, 2040 and have an average interest rate of 3.12%.
- 13- The special obligation revenue bonds were issued bonds in December 2020 for phase 2 of the Sawyer’s Mill project and to refinance \$2,656,000 of the 2019 tax exempt bond issuance. The Port Authority issued \$1,485,000 as taxable bonds and \$3,845,000 as tax exempt bonds. West Milton is responsible for semi-annual payments for the debt payments. The bonds mature on December 1, 2052 and have an average interest rate of 3.99%.

WARREN COUNTY PORT AUTHORITY
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6. LONG-TERM OBLIGATIONS (continued)

- 14- The special obligation revenue bonds were issued bonds in March 2021 to refinance the October 2018 bond fund issuance that originally refunded the Village of Lebanon's 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 3.22%.
- 15- The special obligation revenue bonds were issued in March 2021 to refund the November 2018 bond fund issuance. The original bonds funded 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 3.37%.
- 16- The special obligation revenue bonds were issued bonds in October 2021 to refinance the City of Springfield outstanding bonds and issue new funding for the Bridgewater Infrastructure project. \$4,325,000 of the bond fund issuance refunded the City bonds and \$3,230,000 was new funding for the project. The bonds are repaid through tax increment financing deposited by City with Huntington Bank. The bonds mature on December 1, 2055 and have an interest rate of 4%.
- 17- The special obligation revenue bonds were issued bonds in September 2021 to provide funding for infrastructure improvements around the Shady Terrace Project in the City of Bellevue, Kentucky. This is the first bond fund issuance in the state of Kentucky for the Port Authority. The bonds are repaid through tax increment financing deposited by City with Huntington Bank. The bonds mature on December 1, 2046 and have an average interest rate of 7.37%.
- 18- The special obligation revenue bonds were issued bonds in November 2021 to refinance certain PACE loans provided by the Northeast Ohio Public Energy County (NOPEC) and NextEra Energy Marking LLC and to enable NOPEC and NextEra to issue additional PACE loans through the NOEPC's revolving PACE loan program. The bonds are repaid through a special assessment levied against the property owners that benefit from the improvements. The funds are deposited by the various jurisdictions with Huntington Bank. The bonds mature on December 1, 2035 and have an interest rate of 3.625%.
- 19- The special obligation revenue bonds were issued bonds in December 2021 to provided funding for infrastructure improvements around the Merchant Street Redevelopment Project in the City of Springdale. The bonds are repaid through tax increment financing deposited by City with Huntington Bank. The bonds mature on December 1, 2052 and have an average interest rate of 5%.

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6. LONG-TERM OBLIGATIONS (continued)

- 20- The special obligation revenue bonds were issued bonds in December 2021 to provide funding for infrastructure improvements around the Burr Oak Project in the City of Sidney. The bonds are repaid through tax increment financing deposited by City with Huntington Bank. The bonds mature on December 1, 2053 and have an average interest rate of 4%.
- 21- The special obligation revenue bonds were issued bonds in July 2022 for phases 3 and 4 of the Sawyer's Mill project. The Port Authority issued \$3,210,000 as tax exempt bonds. West Milton is responsible for semi-annual payments for the debt payments. The bonds mature on December 1, 2050 and have an average interest rate of 5.50%.
- 22- The special obligation revenue bonds were issued bonds in August 2022 to provide funding for additional infrastructure improvements around the Corridor 75 Park Project in the City of Monroe. The bonds are repaid through tax increment financing deposited by City with Huntington Bank. The bonds mature on December 1, 2034 and have an average interest rate of 4.75%.
- 23- The special obligation revenue bonds were issued bonds in July 2023 to provide funding for the Riverside Project in the City of South Lebanon. The bonds are repaid through tax increment financing deposited by City with Huntington Bank. The bonds mature on August 1, 2026 and have an average interest rate of 7.25%.
- 24- The special obligation revenue bonds were issued bonds in November 2023 to provide funding for a parking garage at the new Deerfield Township Towne Center development. The bonds are repaid through tax increment financing deposited by City with Huntington Bank. The bonds mature on December 1, 2034 and have an average interest rate of 5.25%.

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6. LONG-TERM OBLIGATIONS (continued)

The following are schedules of future debt service requirements to maturity as of December 31, 2023 for the enterprise fund:

Years	Principal	Interest	Total
2024	\$260,000	\$228,144	\$488,144
2025	270,000	219,408	489,408
2026	280,000	210,336	490,336
2027	290,000	200,928	490,928
2028	300,000	191,184	491,184
2029-2033	1,645,000	798,504	2,443,504
2034-2038	1,945,000	502,656	2,447,656
2039-2042	<u>1,800,000</u>	<u>153,720</u>	<u>1,953,720</u>
Totals	<u>\$6,790,000</u>	<u>\$2,504,880</u>	<u>\$9,294,880</u>

The following are schedules of future debt service requirements to maturity as of December 31, 2023 for the custodial fund (excludes net premium/discount of \$559,000):

Years	Principal	Interest	Total
2024	\$3,413,000	\$4,171,254	\$7,584,254
2025	3,943,000	4,064,997	8,007,997
2026	4,732,000	4,066,155	8,798,155
2027	5,248,000	3,920,884	9,168,884
2028	5,625,000	3,732,426	9,357,426
2029-2033	26,079,000	15,683,127	41,762,127
2034-2038	19,320,000	9,729,258	29,049,258
2039-2043	11,975,000	6,515,330	18,490,330
2044-2048	10,600,000	4,255,350	14,855,350
2049-2053	8,870,000	1,797,125	10,667,125
2054-2055	<u>800,000</u>	<u>66,400</u>	<u>1,801,200</u>
Totals	<u>\$100,605,000</u>	<u>\$58,002,306</u>	<u>\$158,607,306</u>

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7. PROJECTS

VH Monroe Special Assessment Project (Park North)

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 as Park North as IDI at Monroe. The Project is located on the southeastern corner of State Route 63 and Interstate 75. Through 2021, all the buildings have been 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 was 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.

The Port Authority and City of Monroe entered into another agreement during 2022 for additional infrastructure to support the Park North Development. The Port Authority issued \$2,195,000 to fund the project that is being repaid with intergovernmental revenues from the City.

Cincinnati Premium Outlets

The Port Authority 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.

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7. PROJECTS (continued)

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 \$3,105,000 outstanding as of December 31, 2022. The project is completely backed and secured through E-Beam Services and merely reported as a conduit debt issued through the Port Authority. In 2020, the Port Authority issued a sales tax exemption conduit financing of \$3,783,000 for phase 2 which included an additional 53,000 square feet of warehouse space. There is no amortization schedule for the 2020 issue. The Port Authority received \$37,128 in administrative fees that are amortized over five years. During 2023, E-beam contracted with the Port Authority for an expansion of the current facility. The Port Authority received \$17,416 in upfront payments that will be amortized over the next five years.

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.

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.

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7. PROJECTS (continued)

During 2016, the Port Authority entered into an agreement with IDI to help finance and construct building #5 (a 143,664 square 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 square foot spec building and a 1,299,794 square 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 square 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.

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.

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7. PROJECTS (continued)

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.

During 2022, Henny Penny entered into an agreement with the Port Authority for Phase 3 project development including 45,500 square foot office and manufacturing facility and project development as well as other uses. The Port Authority received upfront payments of \$25,100 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 \$5,361,525 outstanding at December 31, 2023. The proceeds were used to remodel the facility and make the functionality and flow of the facility more appropriate to their members' needs.

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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 the 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, Barbire & 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.

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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 at 4855 State Route 122, Franklin, Ohio 45005. The Port Authority received principal payments of \$362,000 during 2023 leaving a balance of \$4,101,353 at December 31, 2023. 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. During 2023, the Port Authority started working on an additional turf field and other improvements at the complex. 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 2023, the Port Authority received \$542,810 in hotel lodging tax for the project related to the enterprise portion of the obligation.

South Lebanon – Rivers Crossing and Riverside Projects

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. During 2021, the Port Authority refunded those prior bonds for \$8,400,000 at a lower interest rate of 3.22%. The bonds still mature at the same date. The Port Authority received upfront payments of \$42,000 that will be recognized as revenue over the remaining sixteen year life of the lease. During 2023, the Port Authority issued \$7,082,000 of special obligation revenue bonds with a maturity of December 1, 2036 at an interest rate of 7.125%. The Port Authority received upfront payments of \$60,400 that will be recognized as revenue over the remaining fourteen year life of the bonds.

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7. PROJECTS (continued)

City of Monroe – CCC 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. During 2021, the Port Authority refunded those prior bonds for \$2,885,000 at a lower interest rate of 3.37%. The bonds still mature at the same date. The Port Authority received upfront payments of \$14,425 which is recognized as revenue during the 2021 year.

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. During 2023, the Port Authority contracted with Deerfield Township to help with various infrastructure and utility improvements at the new towne center. Part of that including the issuance of special obligation revenue funds for a parking garage in the amount of \$3,265,000. The Port Authority received \$293,825 for this work including the bond issuance. The amount will be recognized over the life of the bonds.

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 feet 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.

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7. PROJECTS (continued)

On September 26, 2022, the Port Authority entered into a 10 year lease with Green Point Metals (Ohio Slitting and Storage) in order to construct an additional 88,000 square feet expansion on their existing facility in Franklin. The Port Authority received upfront payments of \$54,000 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.

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.

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7. PROJECTS (continued)

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.

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.

On December 19, 2020, the Port Authority issued \$5,330,000. The bond issuance was done through the Port Authority's Ohio Communities Accelerator fund with \$3,845,000 in tax exempt bond and \$1,485,000 in taxable bonds in connection phase 2 development in the Stillwater Crossing NCA public infrastructure development.

On March 28, 2022, the Port Authority approved two sales-tax lease transaction with Randall Residences for the Village of West Milton developments. Phase 3 was for approximately 85 independent senior villas located in the Village. Phase 4 was for a senior assisted living facility located in the Village. Both of these developments are within the NCA but were not bond issuances from the Ohio Communities Accelerator fund like phases 1 and 2.

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7. PROJECTS (continued)

Madison County

On April 23, 2020, the Port Authority issued a sales tax exemption in connection with the West Jefferson Project located in Madison County. The project consists of the acquisition, construction, equipment, improvement and equipping of an approximately 1,045,160 square foot distribution facility. The Port Authority received upfront net payments of \$147,000 that will be recognized as revenue over the life of the lease. Additionally, the West Jefferson I, LLC will be responsible for all maintenance and upkeep on the facilities. As a result, the West Jefferson I, LLC will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income. During 2021, the Port Authority partnered with Madison County again on the Royal Canine project. The Port Authority received two payments during 2021 for \$149,530; \$304,062 during 2022 and \$154,532 during 2023. The agreement between the County and Port Authority requires half of the fee be returned to the County. The remaining net fee will be amortized over a five year lease.

On February 15, 2022, the Port Authority closed the C5-WJS Land LLC lease transaction. The project consists of the acquisition, construction, equipment, improvement and equipping of an approximately 954,240 square foot distribution facility. The agreement between the County and Port Authority requires half of the fee be returned to the County. The Port Authority received upfront net payments of \$182,630 that will be recognized as revenue over the life of the lease. Additionally, C5-WJS Land, LLC will be responsible for all maintenance and upkeep on the facilities. As a result, the C5-WJS Land, LLC will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

511 North Broadway

On October 15, 2020, the Port Authority issued a sales tax exemption in connection with improvements located at 511 North Broadway. The project consists of the construction, equipment, development, improvement and installation of a mixed-use commercial and residential development expected to include approximately twenty-eight townhomes, approximately eighty-four apartment units and between ten and fourteen thousand square feet of commercial space. The Port Authority received upfront payments of \$60,000 that will be recognized as revenue over the life of the lease. Additionally, the North Broadway Apartments LLC will be responsible for all maintenance and upkeep on the facilities. As a result, the North Broadway Apartments LLC will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

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7. PROJECTS (continued)

Clearcreek Township Buildings Project

On November 9, 2020, the Port Authority issued \$8,600,000 of tax exempt bonds in connection with new construction of Clearcreek Township's police building and new road equipment buildings, as well as renovations to the existing Road Maintenance and Administration buildings. The Port Authority received upfront payments of \$34,000 that will be recognized as revenue over the life of the lease. Additionally, the Township will continue to be responsible for all maintenance and upkeep on the fiber improvements. The Port Authority will receive annual administrative fees on the bonds.

Sawyer's Mill

On December 3, 2019, the Port Authority issued \$2,656,000 of special development tax increment financing revenue bonds for the first phase of public infrastructure supporting the single-family home residential development in the City of Middletown. The Port Authority received upfront payments of \$13,280 that was recognized as revenue in the year. Additionally, the City will continue to be responsible for all maintenance and upkeep of the infrastructure. The Port Authority will receive annual administrative fees on the bonds.

On December 18, 2020, the Port Authority issued \$3,845,000 of tax exempt bonds (OCAF) and \$1,485,000 in taxable bonds in connection with refunding the 2019 bonds and financing the second phase of public infrastructure supporting the single-family home residential development in the City of Middletown. The Port Authority received upfront payments of \$26,650 that was recognized as revenue in the year. Additionally, the City will continue to be responsible for all maintenance and upkeep of the infrastructure. The Port Authority will receive annual administrative fees on the bonds.

On July 7, 2022, the Port Authority issued \$3,210,000 of tax exempt bonds (OCAF) in connection with public infrastructure supporting approximately 395 single-family home residential development in the City of Middletown. The Port Authority received upfront payments of \$16,050 that was recognized as revenue in the current year. Additionally, the City will continue to be responsible for all maintenance and upkeep on the infrastructure. The Port Authority will receive annual administrative fees on the bonds.

**WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

7. PROJECTS (continued)

Newman Gasket

On July 20, 2021, the Port Authority entered into a 35-year lease with Betsy-DA, LTD (New Gasket) in order to construct, equip, develop and improve a manufacturing facility in the City of Lebanon. The Port Authority received upfront payments of \$30,725 that will be recognized as revenue over the life of the lease. Additionally, New Gasket will be responsible for all maintenance and upkeep on the facilities. As a result, the New Gasket will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Shady Terrace Project

On September 2, 2021, the Port Authority issued \$3,895,000 of taxable bonds in connection with infrastructure improvements for the City of Bellevue, Kentucky project. The issuance also included funding for the 10% project reserve, capitalized interest and related costs. The Port Authority received upfront payments of \$19,475 that will be recognized as revenue over the life of the lease. Additionally, the City will continue to be responsible for all maintenance and upkeep on the infrastructure project once completed. The Port Authority will receive annual administrative fees on the bonds.

Merchant Street Redevelopment Project

On December 6, 2021, the Port Authority issued \$10,500,000 of taxable bonds in connection with infrastructure improvements for the City of Springdale project. The issuance also included funding for the 10% project reserve, capitalized interest and related costs. The Port Authority received upfront payments of \$246,869 that will be recognized as revenue over the life of the lease. Additionally, the City will continue to be responsible for all maintenance and upkeep on the infrastructure project once completed. The Port Authority will receive annual administrative fees on the bonds.

Burr Oak Project

On December 16, 2021, the Port Authority issued \$4,450,000 of taxable bonds in connection with infrastructure improvements for the City of Sidney's housing project. The issuance also included funding for the 10% project reserve, capitalized interest and related costs. The Port Authority received upfront payments of \$32,250 that will be recognized as revenue over the life of the lease. Additionally, the City will continue to be responsible for all maintenance and upkeep on the infrastructure project once completed. The Port Authority will receive annual administrative fees on the bonds.

WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

7. PROJECTS (continued)

CFPN Ohio, LLC (Core 5 development)

On May 6, 2022, the Port Authority entered into a ground lease with CFPN Ohio, LLC for site improvements to 295.99 acres located at North Union Road in Turtlecreek Township for the site improvements purposes consisting primarily of an approximately 2,991,684 aggregate square foot industrial park including appurtenances. The Port Authority received upfront payments of \$1,144,401 that will be recognized as revenue over the thirty-five year life of the lease. Additionally, CFPN Ohio, LLC will be responsible for all maintenance and upkeep on the facilities. As a result, the CFPN Ohio, LLC will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

RRWM and TVWM Holdings (Randall Residences)

On February 17, 2023, the Port Authority entered into ground leases with RRWM Holdings and TVWM Holdings for site improvements near State Route 571 and Iddings Road for the site improvements purposes consisting development of senior healthcare and additional residential facilities. The Port Authority received upfront payments of \$119,675 that will be recognized as revenue over the thirty-five year life of the lease. Additionally, RRWM and TVWM Holdings will be responsible for all maintenance and upkeep on the facilities. As a result, RRWM and TVWM Holdings, LLC will record the asset and related depreciation in its financial statements, as a capital lease, and the Port Authority will recognize rental income.

Pimlico Pointe

On May 30, 2023, the Port Authority entered into a ground lease with Pimlico Pointe, LLC for site improvements near in Deerfield Township to facilitate the construction of approximately 245 apartments and four commercial outlots. The Port Authority received upfront payments of \$217,513 that will be recognized as revenue over the ten year life of the lease. Additionally, Pimlico Pointe, LLC will be responsible for all maintenance and upkeep on the facilities. As a result, Pimlico Pointe, LLC 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
WARREN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

7. PROJECTS (continued)

City of Franklin Streetscape

On October 11, 2023, the Port Authority entered into a cooperative agreement with City of Franklin for acquisition, construction and installation of certain public infrastructure improvements including streets, walkways, parks and other public spaces within the City, including landscaping and site improvements, and acquiring land and interests in land. The two parties issued \$12 million in annual income tax appropriation bonds. The bonds matured in December 2052 with an approximate interest rate of 5.82%. The Port Authority received upfront payments of \$60,000 that will be recognized as revenue over the thirty year life of the bonds. Additionally, the City will be responsible for all maintenance and upkeep on the improvements. As a result, the City 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, 2023, changes in Port Authority's intergovernmental receivables were as follows:

	Balance at January 1, 2023	Additions	Payments/ Deletions	Balance at December 31, 2023
<u>Enterprise Funds:</u>				
WCCVB Sports Complex*	\$9,939,424	\$930,711	\$613,560	\$10,256,275
<u>Custodial Funds:</u>				
WCCVB Sports Complex	9,703,175	0	539,218	9,163,957
Warren County Racino	274,569	0	274,569	0
South Lebanon - Rivers Crossing	9,115,458	0	655,419	8,460,039
City of Monroe SA	3,757,133	0	201,313	3,555,820
City of Monroe Chelsea Mall	2,189,642	0	441,962	1,747,680
City of Monroe Park North	11,033,454	0	791,000	10,242,454
Franklin Area WW District	14,465,533	0	575,567	13,889,966
2019A Warren County	1,275,495	0	208,282	1,067,213
2019B Warren County	448,538	0	239,392	209,146
Middletown PACE	295,357	0	38,859	256,498
West Milton Stillwater Crossing PH1	12,117,708	0	465,491	11,652,217
Warren County Community Services	1,773,368	0	120,940	1,652,428
Clearcreek Township	11,129,862	0	563,512	10,566,350
West Milton Stillwater Crossing PH2	9,355,963	0	305,375	9,050,588
City of Springfield	12,599,330	0	0	12,599,330
City of Bellevue, KY	7,023,067	0	0	7,023,067
NOPEC Pace	4,116,271	0	351,488	3,764,783
City of Springdale	20,828,193	0	0	20,828,193
City of Sidney	7,843,788	0	0	7,843,788

WARREN COUNTY PORT AUTHORITY
WARREN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

8. INTERGOVERNMENTAL RECEIVABLE (continued)

	Balance at January 1, 2023	Additions	Payments/ Deletions	Balance at December 31, 2023
West Milton Stillwater Crossing PH3/4	\$5,731,557	\$0	\$0	\$5,731,557
City of Monroe – Park North Decel Lane	2,881,304	0	241,031	2,640,273
South Lebanon – Riverside	0	9,689,951	469,654	9,220,297
Deerfield Township Parking Garage	0	4,403,787	0	4,403,787
Total Custodial Funds:	<u>147,958,765</u>	<u>14,093,738</u>	<u>6,483,072</u>	<u>155,569,431</u>
Total All Funds:	<u>\$157,898,189</u>	<u>\$15,024,449</u>	<u>\$7,096,632</u>	<u>\$165,826,006</u>

* The enterprise intergovernmental receivable reported is only the portion of the receivable that is due related to the outstanding debt reported.

9. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2023, the Port Authority implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”. GASB Statement 96 requires the recognition of certain subscription assets and liabilities for multi-year technology arrangements without a cancellation clause that the Port Authority has control over. The implementation of this standard had no effect on beginning net position as the Port Authority had no agreements that met the definition to be included.

10. LOAN RECEIVABLE

During 2023, the Port Authority received a \$350,000 grant from the Warren County Commissioners to assist the Warren County Agricultural Society (the “Society”) with acquisition of real property. The Port Authority entered a funding agreement with the Society for repayment of the loan proceeds. The loan was provided for a five year period with a stated interest rate of 7.5%

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Columbus, Ohio 43215
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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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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 (the Port Authority) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated September 23, 2024

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Port Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Warren County Port Authority
Warren County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
September 23, 2024



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Error in Authority beginning net position in the Custodial Fund.	Corrected	

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 9/26/2024

65 East State 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