

**DELAWARE COUNTY
TRANSPORTATION IMPROVEMENT DISTRICT**
(A COMPONENT UNIT OF DELAWARE COUNTY)
DELAWARE COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Delaware County Transportation Improvement District
140 North Sandusky Street
Delaware, Ohio 43015

We have reviewed the *Independent Auditor's Report* of the Delaware County Transportation Improvement District, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 28, 2021

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**DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
DELAWARE COUNTY
(A COMPONENT UNIT OF DELAWARE COUNTY)**

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Independent Auditor's Report

Delaware County Transportation Improvement District
Delaware County
140 North Sandusky Street
Delaware, Ohio 43015

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Delaware County Transportation Improvement District, Delaware County, Ohio, a component unit of Delaware County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Delaware County Transportation Improvement District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Delaware County Transportation Improvement District's preparation and fair presentation of the financial statements 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 Delaware County Transportation Improvement District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Delaware County Transportation Improvement District, Delaware County, Ohio, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Delaware County Transportation Improvement District. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 June 2, 2021, on our consideration of the Delaware County Transportation Improvement District's internal control over financial reporting and on 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 Delaware County Transportation Improvement District'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 Delaware County Transportation Improvement District's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 2, 2021

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

The management's discussion and analysis of the Delaware County Transportation Improvement District's (the District) financial performance provides an overall review of the District's financial activities for the period ended December 31, 2020. While the intent of this discussion and analysis is to look at the District's financial performance, readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's fiscal performance.

FINANCIAL HIGHLIGHTS

Key highlights for 2020:

- The District began operations on May 17, 2018, by resolution authorized by the Delaware County Board of Commissioners.
- During 2020, the District was involved on four projects: Home Road and U.S. 23 extension, Hyatts Road and U.S. 23 infrastructure, Riverby Estates improvements, and Graphics Way extension.

USING THIS ANNUAL REPORT

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

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

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

Government-wide Statements

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

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

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Management's Discussion and Analysis
For the Year Ended December 31, 2020
 Unaudited

Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively. The government-wide financial statements of the District reflect the following category for its activities:

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

Fund Financial Statements

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

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

DISTRICT SUMMARY

Financial Analysis

Net position may serve over time as a useful indicator of financial position. In the case of the District, assets exceeded liabilities by a total \$1.2 million at December 31, 2020.

The following table provides a summary of the District's net position at December 31, 2020 and 2019:

Table 1
Net Position

	2020	2019
Assets:		
Current and other assets	\$ 6,558,086	\$ 5,799,754
Liabilities:		
Other liabilities	5,375,931	5,200,000
Net position:		
Unrestricted	\$ 1,182,155	\$ 599,754

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

During 2020, the District was involved in four projects: Home Road and U.S. 23 extension, Hyatts Road and U.S. 23 infrastructure, Riverby Estates improvements and Graphics Way extension, compared to just the Home Road and U.S. 23 extension project in 2019. These activities led to increases in both assets and liabilities.

The following table provides a summary of the changes in the District's net position for the years ended December 31, 2020 and 2019:

Table 2
Change in Net Position

	2020	2019
Program revenues:		
Capital grants and contributions	<u>\$ 13,972,376</u>	<u>\$ 400,000</u>
General revenues:		
Unrestricted grants and contributions	190,343	-
Interest earnings	19	-
Other revenue	-	123
Total general revenues	<u>190,362</u>	<u>123</u>
Total revenue	<u>14,162,738</u>	<u>400,123</u>
Expenses:		
General government	7,830	246
Public works	<u>13,572,507</u>	-
Total expenses	<u>13,580,337</u>	<u>246</u>
Change in net position	582,401	399,877
Net position - beginning of year	<u>599,754</u>	<u>199,877</u>
Net position - end of year	<u>\$ 1,182,155</u>	<u>\$ 599,754</u>

The District's activities during the year included:

- Completion of the Home Road and U.S. 23 extension project. After project costs of \$8,583,212 and administrative fees of \$176,664, the District will be returning \$1,640,124 back to Delaware County.
- Entering into an intergovernmental agreement with Delaware County for reconstruction of Hyatts Road and sanitary sewer pump station improvements. Estimated project costs are \$7,119,525.
- Entering into an agreement with the Riverby Estates Homeowners Association for entrance improvements into the subdivision. The total cost of the project was \$429,436 and was completed during the year and will be funded with special assessments assessed on each property owner in the subdivision.
- Entering into an intergovernmental agreement with Delaware County for the Graphics Way extension project. The total project costs were \$536,321 and administrative fees of \$13,679.

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

The District's Funds

The District established the General Fund during 2018 with start-up funds. During 2019, the District established the Capital Projects Fund to account for the capital funding received from Delaware County for the transportation projects. The activity in the Capital Projects Fund included the work on the four projects previously discussed. The activity in the General Fund was primarily the administrative fees earned on the completion of the Home Road and U.S. 23 extension and Graphics Way extension projects.

ECONOMIC FACTORS AND FUTURE TRENDS

As noted above, the District was formed in May 2018 to facilitate transportation and related infrastructure improvement through a coordinated, cooperative, multi-jurisdictional approach. The District was involved in four projects during 2020 and will continue to work with the County Engineer, State and local governments, and other stakeholders to identify other opportunities within Delaware County for collaboration.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the District's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the District's Secretary-Treasurer, 140 North Sandusky Street, Delaware, Ohio 43015.

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>
Assets:	
Cash	\$ 5,578,781
Receivables:	
Due from Delaware County	550,000
Special assessments	<u>429,305</u>
Total assets	<u><u>6,558,086</u></u>
Liabilities:	
Due to Delaware County	1,640,124
Contracts payable	639,820
Unearned revenue	<u>3,095,987</u>
Total liabilities	<u><u>5,375,931</u></u>
Net position:	
Unrestricted	<u><u>\$ 1,182,155</u></u>

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Statement of Activities
For the Year Ended December 31, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants & Contributions	
<u>Governmental Activities</u>				<u>Governmental Activities</u>
General government	\$ 7,830	\$ -	\$ -	\$ (7,830)
Public works	13,572,507	-	-	399,869
Total	<u>\$ 13,580,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>392,039</u>
General Revenues:				
				Grants and contributions not restricted to specific programs 190,343
				Interest earnings 19
				<u>Total general revenues 190,362</u>
				Change in net position 582,401
				Net position - beginning of year 599,754
				<u>Net position - end of year \$ 1,182,155</u>

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets:			
Cash	\$ 205,622	\$ 5,373,159	\$ 5,578,781
Receivables:			
Due from Delaware County	-	550,000	550,000
Special assessments	-	429,305	429,305
Interfund	176,664	-	176,664
Total assets	<u>382,286</u>	<u>6,352,464</u>	<u>6,734,750</u>
Liabilities:			
Due to Delaware County	\$ -	\$ 1,640,124	\$ 1,640,124
Contracts payable	-	639,820	639,820
Interfund payable	-	176,664	176,664
Unearned revenue	-	3,095,987	3,095,987
Total liabilities	<u>-</u>	<u>5,552,595</u>	<u>5,552,595</u>
Deferred inflows of resources:			
Unavailable revenue	<u>-</u>	<u>429,305</u>	<u>429,305</u>
Fund balances:			
Assigned	-	370,564	370,564
Unassigned	382,286	-	382,286
Total fund balances	<u>\$ 382,286</u>	<u>\$ 370,564</u>	<u>\$ 752,850</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 382,286</u>	<u>\$ 6,352,464</u>	<u>\$ 6,734,750</u>

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance	\$ 752,850
Certain long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>429,305</u>
Net position of governmental activities	<u>\$ 1,182,155</u>

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Intergovernmental	\$ 190,343	\$ 13,543,071	\$ 13,733,414
Interest earnings	19	-	19
Total revenue	<u>190,362</u>	<u>13,543,071</u>	<u>13,733,433</u>
Expenditures:			
Current:			
General government	7,830	-	7,830
Public works	-	13,572,507	13,572,507
Total expenditures	<u>7,830</u>	<u>13,572,507</u>	<u>13,580,337</u>
Net change in fund balance	182,532	(29,436)	153,096
Fund balance - beginning of year	199,754	400,000	599,754
Fund balance - end of year	<u>\$ 382,286</u>	<u>\$ 370,564</u>	<u>\$ 752,850</u>

**Amounts reported for governmental activities in the statement of activities
are different because:**

Net change in fund balance - total governmental funds	\$ 153,096
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>429,305</u>
Change in net position of governmental activities	<u>\$ 582,401</u>

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 1—REPORTING ENTITY

The Delaware County Transportation Improvement District (the District) is a body corporate and politic established to facilitate transportation and related infrastructure improvements through a coordinated, cooperative, multi-jurisdictional approach. The District was formed under Ohio Revised Code Chapter 5540.02 by Resolution No. 18-536 of the Delaware County Board of Commissioners on May 17, 2018.

The District is governed by a seven-member Board of Trustees appointed as follows: five voting members appointed by the Delaware County Board of Commissioners, one non-voting member appointed by the Speaker of the House of Representatives of the Ohio General Assembly, and one non-voting member appointed by the President of the Senate of the Ohio General Assembly.

The officers of the District include the Chairperson, Vice-Chairperson and Secretary-Treasurer, who shall be elected from among the members of the Board annually. The Chairperson presides at all meetings of the Board and is chief officer of the District. The Vice-Chairperson performs the duties of the Chairperson during their absence. The Secretary-Treasurer serves as the fiscal officer of the District.

The District's management believes these financial statements present all the activities for which the District is financially accountable. The District is a component unit of Delaware County.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies are described as follows.

Basis of Presentation

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

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

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

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

Fund Accounting

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

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

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

Capital Projects Fund is used to account for capital contributions received from the Delaware County Commissioners and other sources for various projects undertaken by the District.

Measurement Focus

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

Fund Financial Statements. The fund financial statements report detailed information about the District's governmental funds. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and liabilities and deferred inflows of resources are generally included on the Balance Sheet.

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (e.g., revenues and other financing sources) and uses (e.g., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore will include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds, as needed.

Classification of Fund Balance

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District's fund balances will fall under five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental fund resources. The five classifications are:

1. Nonspendable

The District classifies a fund balance as *nonspendable* when amounts are not in a spendable form or are legally or contractually required to be maintained intact.

2. Restricted

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

3. Committed

The District's Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the District's Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the District's Board or by State statute.

5. Unassigned

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

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

Basis of Accounting

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

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

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

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

Cash

Cash balances of the District's funds are pooled and deposited with the District's bank in order to provide improved cash management. Individual fund integrity is maintained through District records.

Unearned Revenue

Unearned revenue includes transportation project funds that have been collected but the corresponding expenses/expenditures have not been incurred.

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resource until that time. For the District, deferred inflows of resources include unavailable revenue. Unavailable revenue is reported only on the governmental funds' balance sheet and represents special assessments receivables that will not be collected within the available period (sixty days of the year-end).

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provision, enabling legislation, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Interfund Balances

On the District's fund financial statements, receivables and payables resulting from administrative fees associated with completed projects are classified as interfund receivables/payables. These amounts are eliminated in the governmental activities column on the statement of net position.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. Interfund services provided and used are not eliminated in the process of consolidation.

Estimates

The preparation of the basic 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 amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3—DEPOSITS

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

Active deposits are public deposits necessary to meet current demands upon the District. Active deposits must be maintained either as cash by the District, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage 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;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds 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 of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts; and with certain limitations including a requirement for maturity within a ten year form the date of settlement, bonds and other obligations of a political subdivision of the State of Ohio, if training requirements have been met;
6. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2, above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) 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.

Protection of the District'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 Secretary/Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Deposits

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

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

- Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State. For 2020, the District's financial institution was approved for a collateral rate of 102% through the OPCS.

At year-end, the District's carrying balance and bank balance was \$5,578,781. Of the bank balance of \$5,578,781, \$5,328,781 was exposed to custodial credit risk and was collateralized with the OPCS, while \$250,000 was covered by the FDIC.

NOTE 4—RISK MANAGEMENT

The District is subjected to certain types of risk in the performance of its normal functions and is covered under the Delaware County's insurance policy.

NOTE 5—INTERGOVERNMENT AGREEMENTS

The Delaware County Commissioners and Delaware County Engineer's Office have committed to provide funding to the District to facilitate the development and implementation of the District's projects. For 2020, the Commissioners and Engineer's Office contributed \$5,200,000 for the improvements at Home Road and U.S. 23, \$7,119,525 for infrastructure improvements at Hyatts Road and U.S. 23 and \$550,000 for the Graphics Way extension project. These contributions are reported as intergovernmental revenues in the Capital Projects Fund in the basic financial statements. The District also earns a percentage on each agreement, as stipulated in each agreement, for administrative fees that are recorded as intergovernmental revenue in the General Fund in the basic financial statements.

Of the \$7,119,525 received from the Delaware County Commissioners and the Delaware County Engineer's Office for the Hyatts Road and U.S. 23 infrastructure project, \$3,095,987 was reported as unearned revenue on the basic financial statements as \$3,383,718 was paid for the project during 2020 and \$639,820 was reported as contracts payable on the basic financial statements (see Note 9).

DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
(A Component Unit of Delaware County)
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

As part of the funding commitment agreements between the District, the Delaware County Commissioners, and the Delaware County Engineer's Office, the District is required to return all unspent monies associated with a project to the Delaware County Engineer's Office after the project has been completed and the District has received its share of administrative fees. These amounts are presented as due to Delaware County on the basic financial statements. For 2020, the \$1,640,124 reported as due to Delaware County is associated with unspent monies for the completed Home Road and U.S. 23 extension project.

NOTE 6—INTERFUND TRANSACTIONS

At December 31, 2020, the General Fund had an interfund receivable of \$176,664 due from the Capital Projects Fund for administration fees on the Home Road and U.S. 23 Extension project.

NOTE 7—LEASE AGREEMENT

During 2020, the District entered into a lease agreement with the Riverby Estates Homeowners Association (the Association) for the construction of entrance improvements into the subdivision. The Association leased the project to the District to perform the construction, with completion of the improvements considered payment in full of the rental payment. The project was completed during the year.

NOTE 8—RECEIVABLES

Receivables at December 31, 2020 consisted of amounts due from Delaware County in the amount of \$550,000 for the completion of the Graphics Way extension project and special assessments in the amount of \$429,305 for the completion of the Riverby Estates improvements. All receivables are considered collectible in full due to the agreements with Delaware County Commissioners for project funding and the collectability of special assessments through property tax collections. Special assessments reported in the Capital Projects Fund is expected to be collected over the next twenty years as part of the property tax collections from residents at Riversby Estates. Amounts due from Delaware County are expected to be collected in the subsequent year.

NOTE 9—CONTRACTUAL COMMITMENTS

As of December 31, 2020, the District has a contractual commitment with Complete General Construction Company for the Hyatts Road and U.S. 23 infrastructure project. The total contracted amount for the project is \$7,119,525, with \$3,383,718 paid as of December 31, 2020, leaving a remaining contracted amount of \$3,735,807. In addition to the amount paid above, the District has recorded contracts payable in the amount of \$639,820 on the basic financial statements for costs incurred prior to year-end.

NOTE 10—COVID-19 PANDEMIC

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, receipts, and any recovery from emergency funding, either federal or state, cannot be estimated.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Delaware County Transportation Improvement District
Delaware County
140 North Sandusky Street
Delaware, Ohio 43015

To the Board of Trustees:

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, the financial statements of the governmental activities and each major fund of the Delaware County Transportation Improvement District, Delaware County, Ohio, a component unit of Delaware County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Delaware County Transportation Improvement District's basic financial statements, and have issued our report thereon dated June 2, 2021, wherein we noted as described Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Delaware County Transportation Improvement District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Delaware County Transportation Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Delaware County Transportation Improvement District'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 Delaware County Transportation Improvement District'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Delaware County Transportation Improvement District'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 Delaware County Transportation Improvement District'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 Delaware County Transportation Improvement District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
June 2, 2021

OHIO AUDITOR OF STATE KEITH FABER



DELAWARE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

DELAWARE 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 7/1/2021

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

This report is a matter of public record and is available online at
www.ohioauditor.gov