

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

**REGULAR AUDIT**

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



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
Lawrence County Transportation Improvement District  
111 South 4th Street  
Ironton, Ohio 45648

We have reviewed the *Independent Auditor's Report* of Lawrence County Transportation Improvement District, Lawrence County, 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. Lawrence County Transportation Improvement District is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

August 30, 2021

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

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## Independent Auditor's Report

Lawrence County Transportation Improvement District  
Lawrence County  
111 South 4<sup>th</sup> Street  
Ironton, Ohio 45638

To the Board of Directors:

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the cash balances, receipts, and disbursements by the governmental fund type as of and for the year ended December 31, 2020, and related notes of the Lawrence County Transportation Improvement District, Lawrence County, Ohio, a component unit of Lawrence County.

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

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 2. Management is also responsible 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Lawrence County Transportation Improvement District's preparation and fair presentation of the financial statement 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 Lawrence 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 statement.

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

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2, the financial statement is prepared by the Lawrence County Transportation Improvement District, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Lawrence County Transportation Improvement District does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the "Unmodified Opinion on Regulatory Basis of Accounting" paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Lawrence County Transportation Improvement District, as of December 31, 2020, or changes in net position for the year then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances, receipts and disbursements by the governmental fund type as of and for the year ended December 31, 2020, and related notes of the Lawrence County Transportation Improvement District in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2.

***Emphasis of Matters***

As described in Note 10 to the financial statement, the Lawrence County Transportation Improvement District adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – Governmental Fund Type. As described in Note 8 to the financial statement, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Lawrence County Transportation Improvement District. Our opinion is not modified with respect to these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2021, on our consideration of the Lawrence 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 Lawrence 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 Lawrence County Transportation Improvement District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
July 21, 2021

**Lawrence County Transportation Improvement District**  
*Combined Statement of Receipts, Disbursements, and  
 Changes in Fund Balances (Regulatory Cash Basis)*  
 Governmental Fund Type  
 For the Year Ended December 31, 2020

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	General
<b>Cash Disbursements</b>	
<i>Current:</i>	
General Government	\$3,895
<i>Total Cash Disbursements</i>	3,895
<i>Net Change in Fund Cash Balances</i>	(3,895)
<i>Fund Cash Balances, January 1-Restated</i>	7,566
<i>Fund Cash Balances, December 31</i>	\$3,671

See accompanying notes to the basic financial statements.

## Lawrence County Transportation Improvement District

*Notes to the Financial Statements  
For the Year Ended December 31, 2020*

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### **Note 1 – Reporting Entity**

The Lawrence County Transportation Improvement District, Lawrence County, Ohio (the District) is a body corporate and politic established to plan, construct and improve highways, roads, bridges, interchanges and accompanying capital improvements and developments throughout Lawrence County. The District was formed under Ohio Revised Code Chapter 5540.02, by action of the Board of Lawrence County Commissioners on March 3, 2011.

The resolution to create the District states the Board shall consist of seven members. The members shall be appointed as follows: five (5) members shall be appointed by the County Commissioners; one (1) nonvoting member appointed by the Speaker of the Ohio House of Representatives of the general assembly; and one (1) nonvoting member appointed by the President of the Senate of the general assembly.

The Board of Directors appoints a Chairperson, who presides at all meetings and is the chief officer of the District. The chairperson has the authority to sign all contracts, leases, notes, bonds and other instruments and documents to be executed on behalf of the District. The chairperson is the chief officer of the District for the purpose of civil process and is authorized to accept such services on behalf of the District. The chairperson performs such other duties and has such authority as may be provided from time to time by the Board.

The District is a discretely presented component unit in Lawrence County's annual financial report, as defined by the provisions of GASB Statements No. 14, 39 and 61. The Lawrence County Auditor acts as fiscal agent for the District and the Lawrence County Treasurer acts as custodian of all funds. The District's management believes this financial statement presents all activities for which the District is financially accountable.

### **Note 2 – Summary of Significant Accounting Policies**

#### **Basis of Presentation**

The District's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) by governmental fund type.

#### **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 presents the following fund:

#### **General Fund**

The general fund reports all financial resources except those required to be accounted for in another fund.

#### **Basis of Accounting**

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). The basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

## Lawrence County Transportation Improvement District

*Notes to the Financial Statements  
For the Year Ended December 31, 2020*

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### **Deposits and Investments**

The District's assets are held in Lawrence County's cash and investment pool and are valued at the County Treasurer's reported carrying value. All risks associated with deposits and investments held at the Treasurer's office are the responsibility of Lawrence County.

### **Capital Assets**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

### **Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

#### Nonspendable

The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

#### 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.

#### Committed

The Board can commit amounts via formal action (resolution). The District must adhere to these commitments unless the 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.

#### 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 Board or a District official delegated that authority by resolution, or by State statute.

#### Unassigned

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 7.

**Lawrence County Transportation Improvement District**

*Notes to the Financial Statements  
For the Year Ended December 31, 2020*

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**Note 3 – Equity in Pooled Cash**

The District’s fiscal agent, Lawrence County, is the custodian for the District’s cash. The District’s assets are held in the County’s cash and investment pool, and are valued at the County Treasurer’s reported carrying amount of \$3,671. The Ohio Revised Code prescribes allowable deposits and investments.

Deposits

The County is responsible for maintaining adequate depository collateral for all funds in the County’s deposit and investment pool. All risks associated with the above deposits are the responsibility of the County.

**Note 4 – Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2020, the District was covered through Lawrence County who contracted with the Ohio Plan for liability insurance.

Coverages provided by the program are as follows:

	<u>Aggregate</u>	<u>Each Occurrence</u>
General Liability	\$4,000,000	\$2,000,000
Employee Blanket Dishonesty		250,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in coverage from the prior year.

**Note 5 – Debt**

The District had no debt balances as of or during the year ended December 31, 2020.

**Note 6 – Contingent Liabilities**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grants may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

The District is not currently party to litigation.

**Note 7 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. In the general fund, outstanding encumbrances are considered assigned fund balance. At year-end, the balance of these amounts was as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	\$3,600

**Lawrence County Transportation Improvement District**

*Notes to the Financial Statements  
For the Year Ended December 31, 2020*

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**Note 8 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 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 District's investment portfolio in which the District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 9 – Restatement of Beginning Balance**

In a prior year, the District reported certain expenditures in the special revenue fund expecting those expenditures would be reimbursed by grant funds. Subsequently, the grantor determined that such expenditures would no longer be reimbursed. The District has restated fund cash balances account for unreimbursed costs as a part of the general fund.

	General Fund	Special Revenue Fund
Fund Cash Balance, As Reported, December 31, 2019	\$7,947	(\$381)
Restatement	(381)	381
Fund Cash Balance, As Restated, January 1, 2020	<u>\$7,566</u>	<u>\$0</u>

**Note 10 – Change in Accounting Principle**

For 2020, the District made changes to its cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis)-governmental fund type.

**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***

Lawrence County Transportation Improvement District  
Lawrence County  
111 South 4<sup>th</sup> Street  
Ironton, Ohio 45638

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the cash balances, receipts, and disbursements by the governmental fund type of the Lawrence County Transportation Improvement District, Lawrence County, Ohio, a component unit of Lawrence County, as of and for the year ended December 31, 2020, and related notes to the financial statement, and have issued our report thereon dated July 21, 2021, wherein we noted as described in Note 2 to the financial statement, the Lawrence County Transportation Improvement District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 8 to the financial statement, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Lawrence County Transportation Improvement District. Furthermore, as discussed in Note 10 to the financial statement, the Lawrence County Transportation Improvement District adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – Governmental Fund Type.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the Lawrence 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Lawrence County Transportation Improvement District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Lawrence 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 Lawrence County Transportation Improvement District’s financial statement 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 Lawrence County Transportation Improvement District's financial statement is 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 statement. 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 Lawrence 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 Lawrence County Transportation Improvement District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
July 21, 2021

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# OHIO AUDITOR OF STATE KEITH FABER



**LAWRENCE COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**

**LAWRENCE 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 9/9/2021**

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](http://www.ohioauditor.gov)