



**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
LICKING COUNTY**

REGULAR AUDIT

FOR YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
LICKING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Licking County Transportation Improvement District
Licking County
20 South Second Street
Newark, Ohio 43055

To the Board of Trustees

We have audited the accompanying general-purpose financial statements of the Licking County Transportation Improvement District, Licking County, Ohio, (the District), a component unit of Licking County, as of and for the years ended December 31, 1999, December 31, 1998, and December 31, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Licking County Transportation Improvement District as of December 31, 1999, December 31, 1998 and December 31, 1997, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

October 4, 2000

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
LICKING COUNTY**

**BALANCE SHEET
GENERAL FUND
DECEMBER 31, 1999, 1998, and 1997**

	1997	1998	1999
Assets:			
Equity in Pooled Cash and Investments	\$ 176,600	\$ 234,923	\$ 4,667
Prepaid Assets	0	290	0
Intergovernmental Receivable	0	0	112,817
Total Assets	\$ 176,600	\$ 235,213	\$ 117,484
 Liabilities:			
Contracts Payable	\$ 0	\$ 46,909	\$ 12,448
Intergovernmental Payable	274	1,721	0
Accrued Wages and Benefits	1,777	0	0
Total Liabilities	\$ 2,051	\$ 48,630	\$ 12,448
 Fund Equity:			
Undesignated / Unreserved	174,549	186,583	105,036
Total Fund Balances	174,549	186,583	105,036
Total Liabilities and Fund Equity	\$ 176,600	\$ 235,213	\$ 117,484

The notes to the financial statements are an integral part of this statement.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
LICKING COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998, and 1997**

	1997	1998	1999
REVENUES:			
Intergovernmental Revenue	\$ 176,600	\$ 531,376	\$ 403,923
Interest Income	0	0	496
Miscellaneous	0	0	205
Total Revenue	\$ 176,600	\$ 531,376	\$ 404,624
EXPENDITURES:			
Current:			
Public Works	2,051	519,342	486,171
Total Expenditures	2,051	519,342	486,171
Excess (Deficiency) of Revenues Over (Under) Expenditures	174,549	12,034	(81,547)
Beginning Fund Balance	0	174,549	186,583
Ending Fund Balance	\$ 174,549	\$ 186,583	\$ 105,036

The notes to the financial statements are an integral part of the statement.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Cash Receipts:			
Intergovernmental	\$0	\$291,145	\$291,145
Interest	0	496	496
Total Cash Receipts	<u>0</u>	<u>291,641</u>	<u>291,641</u>
Cash Disbursements:			
Salaries/Fringe Benefits	105,900	94,863	11,037
Materials, Supplies and Postage	50,000	2,584	47,416
Travel/Training	6,000	3,209	2,791
Phone, Internet Service	0	2,419	(2,419)
Legal Services	25,000	6,172	18,828
Contractual Services	62,100	413,533	(351,433)
Equipment	20,000	261	19,739
Miscellaneous	6,000	1,194	4,806
Total Cash Disbursements	<u>275,000</u>	<u>524,235</u>	<u>(249,235)</u>
Total Receipts over/(under) Cash Disbursements	(275,000)	(232,594)	42,406
Fund Cash Balance, January 1, 1999	<u>237,261</u>	<u>237,261</u>	<u>0</u>
Fund Cash Balance, December 31, 1999	<u>(\$37,739)</u>	<u>\$4,667</u>	<u>\$42,406</u>

The notes to the financial statements are an integral part of this statement.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Cash Receipts:			
Intergovernmental	\$0	\$531,086	\$531,086
Total Cash Receipts	<u>0</u>	<u>531,086</u>	<u>531,086</u>
Cash Disbursements:			
Salaries/Fringe Benefits	88,500	79,894	8,606
Materials, Supplies and Postage	16,500	3,631	12,869
Travel/Training	2,000	1,431	569
Legal Services	0	2,838	(2,838)
Contractual Services	72,000	194,037	(122,037)
Equipment	10,000	9,177	823
County - Amount Paid Back	181,087	181,087	0
Miscellaneous	4,600	668	3,932
Total Cash Disbursements	<u>374,687</u>	<u>472,763</u>	<u>(98,076)</u>
Total Receipts over/(under) Cash Disbursements	(374,687)	58,323	433,010
Fund Cash Balance, January 1, 1998	<u>176,600</u>	<u>176,600</u>	<u>0</u>
Fund Cash Balance, December 31, 1998	<u>(\$198,087)</u>	<u>\$234,923</u>	<u>\$433,010</u>

The notes to the financial statements are an integral part of this statement.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

Reporting Entity

The Licking County Transportation Improvement District (the District) is a body politic and corporate established for the purpose of financing, constructing, maintaining, repairing and operating selected transportation projects. The District was specifically formed under the auspices of House Bill 154 and Ohio Revised Code chapter 5540.02 (c)(2), as amended, and created by action of the Board of County Commissioners of Licking County on December 18, 1997 exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a component unit of Licking County and operates under an appointed 7 member board. Of the seven board members, five members are appointed by the Licking County Commissioners.

The Board of Trustees annually appoints the Chairman of the Board from the existing Board members. The Chairman's responsibilities are to preside at all meetings of the Board; to be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission or business organization; and to exercise supervision over the business of the District, its officers and employees.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement 14, The Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. This report includes all activities considered by the management to which the District is financially accountable.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting - Fund Accounting

The District uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Accounting - Fund Accounting (Continued)

The following category and fund type is used by the District.

Governmental Fund Type

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The following is the District's governmental fund type:

General Fund

This 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 according to the general laws of Ohio and the bylaws of the District.

B. Measurement Focus/Basis of Accounting

The modified accrual basis of accounting is followed for the General Fund. Under this method of accounting, the District recognizes revenue when it becomes both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the purposes District is considered to be 31 days after year-end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

C. Budget and Budgetary Accounting

Legally, the Ohio Revised Code does not strictly impose a requirement on the District to follow the budgetary process, however, the District chose to adopt a budget to control the financial operations of the organization

Budget

In October, the Board of Trustees adopt a proposed operating budget for the ensuing fiscal year commencing January 1. The budget includes proposed expenditures and the means of financing (revenues).

The Board of Trustees did not adopt a budget for the fiscal year ended December 31, 1997.

Lapsing of Appropriations

At the close of each year, the balance of each appropriation reverts back to the General Fund and becomes subject to future appropriation.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments

In 1999 cash received by the District was in a central bank account. The District had no investments at December 31, 1999.

In 1998 and 1997, all cash received was held by the District's fiscal agent, the Licking County Treasurer. District expenditures were made on County warrant.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, are recognized under the non-allocation method. The non-allocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the non-allocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

F. Intergovernmental Revenues

Intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

Licking County, of which the District is considered a component unit, contributed all revenues to the District.

G. Accrued Liabilities

Payables and accrued liabilities are reported as obligations of the Fund regardless of whether they will be liquidated with current resources. Amounts paid more than thirty one days after year end are considered not to have been paid with current available financial resources.

H. Fund Balance Reserves

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use.

The unreserved portions of fund equity reflected for the General Fund are available for use within the specific purpose of this fund.

I. Estimates

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

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING

The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--Governmental Fund Type" in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when expended (budget basis) as opposed to when the liability is incurred (GAAP basis);

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenue Over Expenditures Governmental Fund Type		
	<u>1998</u>	<u>1999</u>
GAAP Basis	\$ 12,034	\$ (81,547)
Adjustments:		
Accruals	<u>46,289</u>	<u>(151,047)</u>
Budget Basis	<u><u>\$ 58,323</u></u>	<u><u>\$(232,594)</u></u>

4. CASH

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District 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 the District has identified as not required for use within the current two year period of designated 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.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997
(Continued)**

4. CASH (Continued)

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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 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.

Interim monies may 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. Bond and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool (STAROhio);

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

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997
(Continued)**

4. CASH (Continued)

Deposits: At year end, the carrying amount of the District's deposits was \$4,667 and \$234,923, and \$176,600 in 1999, 1998 and 1997 respectively, and the bank balance was \$4,752, \$275,895, and \$176,600 respectively. The 1999 cash balance was covered by federal depository insurance and pooled collateral held by the financial institution. The 1997 and 1998 cash balances were held by the District's fiscal agent, Licking County, and these funds were collateralized and insured in conjunction with the pooled funds of the County.

5. RETIREMENT SYSTEMS

All full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 1999, 1998, and 1997 was 8.5 percent for employees. The employer contribution rate was 13.55 percent of covered payroll; 9.35 percent was the portion used to fund pension obligations.

6. POSTRETIREMENT BENEFIT PLANS

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999, 1998, and 1997 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care.

7. RISK MANAGEMENT

The District does not currently maintain liability insurance nor bond any District officials. Assets were owned and insured by Licking County.

8. FIXED ASSETS

Furniture, fixtures and computer hardware and software used by the District was the property of Licking County. These assets are not reflected in the accompanying financial statements

9. DISSOLUTION

On November 19, 1999, the Transportation Improvement District Board passed a Resolution recommending dissolution of the District. When outstanding projects are finalized all remaining equity will be transferred to Licking County.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Licking County Transportation Improvement District
Licking County
20 South Second Street
Newark, Ohio 43055

To the Board of Trustees

We have audited the financial statements of Licking County Transportation Improvement District, Licking County, Ohio (the "District") as of and for the years ended December 31, 1999, December 31, 1998, and December 31, 1997, and have issued our report thereon dated October 4, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

Licking County Transportation Improvement District
Licking County
Report on Compliance and on Internal Control Required By
Government Auditing Standards
Page 2

This report is intended for the information and use of management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

October 4, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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TRANSPORTATION IMPROVEMENT DISTRICT

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 14, 2000**