



OHIO AUDITOR OF STATE
KEITH FABER



**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Transportation Improvement District
Belmont County
101 N. Market Street, Suite J
St. Clairsville, Ohio 43950

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Transportation Improvement District, Belmont County, Ohio (the District), a component unit of Belmont County, Ohio, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Transportation Improvement District, Belmont County, Ohio, as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2020 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 14, 2020

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

The management's discussion and analysis of the Transportation Improvement District, Belmont County (the "District") financial performance provides an overall review of the District's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- The total net position reported by the District decreased \$9,004 from \$644,851 to \$635,847.
- Program specific revenues accounted for \$3,202 and there were no general revenues for 2018.
- The District had \$12,206 in expenses related to governmental activities. These expenses were partially offset by program specific revenues (capital grants and contributions) of \$3,202.
- The District major governmental funds are the general fund and the roadwork development grant fund. The general fund had no expenditures. The general fund's balance did not change during the year.
- The roadwork development grant fund had revenues of \$3,202 and expenditures of \$12,206 during 2018. The net decrease in fund balance for the roadwork development grant fund was \$9,004 or 1.62%.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and roadwork development grant fund are reported as major funds.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The statement of net position and the statement of activities include all of the District programs and services, and can be found on pages 9-10 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 7. Fund financial statements provide detailed information about the District's major funds. The District uses two funds to account for a multitude of financial transactions. The District's major governmental funds are the general fund and the roadwork development grant fund.

Governmental Funds

All of the District activities are reported in governmental funds, which focus on how money flows into and out of those funds and the ending balances available for spending in future years. 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 financial statements provide a detailed short-term view of the District operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District 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 basic financial statements. The basic governmental fund financial statements can be found on pages 11-12 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 13-20 of this report.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Government-wide Financial Analysis

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District net position at December 31, 2018 and December 31, 2017.

| | Net Position | |
|--------------------------|----------------------------|----------------------------|
| | Governmental Activities | Governmental Activities |
| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
| <u>Assets</u> | | |
| Current and other assets | \$ 635,847 | \$ 647,953 |
| Total assets | <u>635,847</u> | <u>647,953</u> |
| <u>Liabilities</u> | | |
| Current liabilities | <u>-</u> | <u>3,102</u> |
| Total liabilities | <u>-</u> | <u>3,102</u> |
| <u>Net Position</u> | | |
| Restricted | 546,840 | 555,844 |
| Unrestricted | <u>89,007</u> | <u>89,007</u> |
| Total net position | <u>\$ 635,847</u> | <u>\$ 644,851</u> |

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the District assets exceeded liabilities by \$635,847.

At December 31, 2018, \$546,840 of District net position represents resources that are subject to external restriction on how they may be used.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

The table below provides a summary of the District changes in net position for 2018 and 2017.

| | Change in Net Position | |
|-----------------------------------|---|---|
| | Governmental Activities <u>2018</u> | Governmental Activities <u>2017</u> |
| Revenues: | | |
| Program revenues: | | |
| Capital grants and contributions | \$ 3,202 | \$ 102 |
| Total program revenues | <u>3,202</u> | <u>102</u> |
| General revenues: | | |
| Reimbursements and other | - | 181 |
| Total general revenues | <u>-</u> | <u>181</u> |
| Program expenses: | | |
| Public works | 12,206 | 44,979 |
| Total program expenses | <u>12,206</u> | <u>44,979</u> |
| Change in net position | (9,004) | (44,696) |
| Net position at beginning of year | <u>644,851</u> | <u>689,547</u> |
| Net position at end of year | <u>\$ 635,847</u> | <u>\$ 644,851</u> |

The District is primarily funded by contributions from the Belmont County Commissioners and State grants. The District did not receive any grant revenue during 2018.

The most significant program expenses for the District are related to public works. These expenses totaled \$12,206 during the year.

The statement of activities shows the cost of program services and the grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018 and 2017. That is, it identifies the cost of these services supported by general revenues.

| | Governmental Activities | | | |
|--------------------------|--|--|--|--|
| | Total Cost of Services <u>2018</u> | Net Cost of Services <u>2018</u> | Total Cost of Services <u>2017</u> | Net Cost of Services <u>2017</u> |
| Program expenses: | | | | |
| Public works | \$ 12,206 | \$ 9,004 | \$ 44,979 | \$ 44,877 |
| Total | <u>\$ 12,206</u> | <u>\$ 9,004</u> | <u>\$ 44,979</u> | <u>\$ 44,877</u> |

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Governmental Funds

The focus of the District governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District financing requirements.

The District governmental funds reported a combined fund balance of \$635,847, which is \$9,004 less than last year's total of \$644,851. The table below indicates the fund balances and the total change in fund balances as of December 31, 2018 and December 31, 2017 for the governmental funds.

| | <u>Fund Balances</u> <u>December 31, 2018</u> | <u>Fund Balances</u> <u>December 31, 2017</u> | <u>Change</u> | <u>Percentage</u> <u>Change</u> |
|----------------------------|--|--|-------------------|------------------------------------|
| Major funds: | | | | |
| General | \$ 89,007 | \$ 89,007 | \$ - | - % |
| Roadwork Development Grant | <u>546,840</u> | <u>555,844</u> | <u>(9,004)</u> | (1.62) % |
| Total | <u>\$ 635,847</u> | <u>\$ 644,851</u> | <u>\$ (9,004)</u> | (1.40) % |

The roadwork development grant fund received revenue of \$3,202 during the year. These revenue sources were not adequate to provide for the roadwork development grant fund expenditures of \$12,206 incurred during the year.

Economic Conditions and Current Issues

The year ending December 31, 2018 was the tenth full year of operations. The District continued on its mission to improve the prosperity, health, safety, and welfare of the people of Belmont County and the State of Ohio.

The Belmont County Transportation Improvement District saw the Commons Mall Crossing Road project nearly completed, with the road opening the first week of December 2018. The board oversaw the project, which included a new traffic signal at the intersection of Commons Mall Crossing Road and National Road. Final paving will take place in spring 2019.

A future project for the Transportation Improvement District will be the paving of Pogue Road, Executive Drive, and a section of Roscoe Road leading to the Belmont County Fairgrounds.

Contacting the District Financial Management

This financial report is designed to provide citizens, taxpayers, and investors and creditors with a general overview of the District finances and to show the District accountability for the money it receives. If you have questions about this report or need additional financial information, contact, Larry E. Merry, Chairman of the Transportation Improvement District, 101 North Market Street, Suite J, St. Clairsville, Ohio 43950. E-mail larry.merry@co.belmont.oh.us.

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**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

| | Governmental Activities |
|---|------------------------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents. . . . | \$ 635,847 |
| Total assets | 635,847 |
| Net position: | |
| Restricted for: | |
| Capital projects | 546,840 |
| Unrestricted | 89,007 |
| Total net position | \$ 635,847 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | <u>Expenses</u> | <u>Program Revenues Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u> |
|--|------------------|--|--|
| Governmental activities: | | | |
| Public works | \$ 12,206 | \$ 3,202 | \$ (9,004) |
| Total governmental activities. | <u>\$ 12,206</u> | <u>\$ 3,202</u> | <u>(9,004)</u> |
| | | | <u>644,851</u> |
| | | | <u>\$ 635,847</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

| | <u>General</u> | <u>Roadwork Development</u> | <u>Total Governmental Funds</u> |
|--|------------------|---------------------------------|---|
| Assets: | | | |
| Equity in pooled cash and cash equivalents | \$ 89,007 | \$ 546,840 | \$ 635,847 |
| Total assets | <u>\$ 89,007</u> | <u>\$ 546,840</u> | <u>\$ 635,847</u> |
| Fund balances: | | | |
| Restricted for capital projects. | \$ - | \$ 546,840 | \$ 546,840 |
| Unassigned | <u>89,007</u> | <u>-</u> | <u>89,007</u> |
| Total fund balances. | <u>89,007</u> | <u>546,840</u> | <u>635,847</u> |
| Total liabilities and fund balances | <u>\$ 89,007</u> | <u>\$ 546,840</u> | <u>\$ 635,847</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>General</u> | <u>Roadwork Development</u> | <u>Total Governmental Funds</u> |
|---|------------------|---------------------------------|---|
| Revenues: | | | |
| From local sources: | | | |
| Investment income | \$ - | \$ 3,202 | \$ 3,202 |
| Total revenues | <u>-</u> | <u>3,202</u> | <u>3,202</u> |
| Expenditures: | | | |
| Current: | | | |
| Public works | - | 12,206 | 12,206 |
| Total expenditures | <u>-</u> | <u>12,206</u> | <u>12,206</u> |
| Net change in fund balances | - | (9,004) | (9,004) |
| Fund balances at beginning of year | <u>89,007</u> | <u>555,844</u> | <u>644,851</u> |
| Fund balances at end of year | <u>\$ 89,007</u> | <u>\$ 546,840</u> | <u>\$ 635,847</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 1 - DESCRIPTION OF THE ENTITY

The Transportation Improvement District, Belmont County (the District), is a body politic and corporate, created for the purpose of financing, constructing, maintaining, repairing, and operating selected transportation projects. The District was specifically formed under the auspices of House Bill 154, and Ohio Revised Code Chapter 5540, as amended, and created by action of the Board of County Commissioners of Belmont County on December 19, 2007.

The District is governed by a Board of Directors that acts as the authoritative and legislative body of the entity. The Board is comprised of seven members, with five members appointed by a majority vote of the Board of Commissioners of Belmont County. The Board of Directors also includes one (1) ex-officio member appointed by the President of the Ohio Senate and one (1) ex-officio member appointed by the Speaker of the Ohio House of Representatives.

The Board of Directors appoints a Chairman, who presides at all meetings and is the chief officer of the District. He has the authority to sign all contracts, releases, notes, bonds and other instruments and documents to be executed on behalf of the District. He 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. He 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 Belmont County's Comprehensive Annual Financial Report, as defined by the provisions of GASB Statement Nos. 14, 39 and 61. The District's management believes these financial statements represent all activities for which the District is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

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

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

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

Fund Financial Statements During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds would be aggregated and presented in a single column; however, the District did not have any nonmajor funds in 2018 since all funds were considered as major.

B. Fund Accounting

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

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

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

Roadwork Development Grant Fund - The Roadwork Development Grant Fund is used to account for grant monies for the design, upgrade, and/or construction of public roadways.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the *economic resources* measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources 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.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus (Continued)

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

D. Basis of Accounting

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

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

Nonexchange 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: grants and entitlements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes intergovernmental receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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.

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents".

F. Capital Assets

The District reports no capital assets.

G. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

H. Fund Balance

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

1. Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (Continued)

2. Restricted

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

4. Assigned

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Directors.

5. Unassigned

The unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 the amounts in any of the unrestricted fund balance classifications could be used.

I. Net Position

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted net position are available.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State Statute into two categories, active and inactive. Active monies are public monies determined to be necessary to meet current demand upon the District treasury.

Active 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.

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.

Monies held by the District, which are not considered active, are classified as inactive. Monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury Bills, Notes, 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, or any book entry, zero-coupon United States treasury security that is a direct obligation of 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 or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposits 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 (1) or (2) above and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the District lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

9. Up to twenty-five percent of the District's average portfolio in either of the following:
- a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
 - b. Bankers acceptances eligible for purchase by the Federal Reserve System and which mature within 180 days after purchase;

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the District. Investments must be purchased with the expectation that they 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.

Deposits

At December 31, 2018, the carrying amount of all District deposits was \$635,847. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2018, \$385,847 of the District's bank balance of \$635,847 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

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. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District's 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 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the District's financial institutions were approved for a reduced collateral rate through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

NOTE 4 - RISK MANAGEMENT

The District has obtained commercial insurance coverage for general liability and vehicles.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 5 - CONTINGENCIES

Grants - Amounts grantor agencies pay to the District are subject to audit and adjustments by the grantor, principally the federal government. Grantors 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.

NOTE 6 – SPECIAL INVESTIGATION

At the audit planning meeting, the District's board made the Auditor of State's audit team aware of possible fraudulent issues with the Fiscal Officer. The Auditor of State is conducting a special investigation. As of the date of this report, the investigation is ongoing. The results of the investigation will be reported on at a later date.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

The management's discussion and analysis of the Transportation Improvement District, Belmont County (the "District") financial performance provides an overall review of the District's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- The total net position reported by the District decreased \$44,696 from \$689,547 to \$644,851.
- Program specific revenues accounted for \$102 and general revenues accounted for \$181 for total revenues of \$283.
- The District had \$44,979 in expenses related to governmental activities. These expenses were partially offset by program specific revenues (capital grants and contributions) of \$102.
- The District major governmental funds are the general fund and the roadwork development grant fund. The general fund had no expenditures. The general fund's balance did not increase or decrease during the year.
- The roadwork development grant fund had revenues of \$283 and expenditures of \$44,979 during 2017. The net decrease in fund balance for the roadwork development grant fund was \$44,696 or 7.44%.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and roadwork development grant fund are reported as major funds.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The statement of net position and the statement of activities include all of the District programs and services, and can be found on pages 27-28 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 25. Fund financial statements provide detailed information about the District's major funds. The District uses two funds to account for a multitude of financial transactions. The District's major governmental funds are the general fund and the roadwork development grant fund.

Governmental Funds

All of the District activities are reported in governmental funds, which focus on how money flows into and out of those funds and the ending balances available for spending in future years. 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 financial statements provide a detailed short-term view of the District operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District 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 basic financial statements. The basic governmental fund financial statements can be found on pages 29-30 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31-37 of this report.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Government-wide Financial Analysis

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District net position at December 31, 2017 and December 31, 2016.

| | <u>Activities December 31, 2017</u> | <u>Activities December 31, 2016</u> |
|--------------------------|---|---|
| <u>Assets</u> | | |
| Current and other assets | \$ 647,953 | \$ 689,547 |
| Total assets | <u>647,953</u> | <u>689,547</u> |
| <u>Liabilities</u> | | |
| Current liabilities | <u>3,102</u> | <u>-</u> |
| Total liabilities | <u>3,102</u> | <u>-</u> |
| <u>Net Position</u> | | |
| Restricted | 555,844 | 600,540 |
| Unrestricted | <u>89,007</u> | <u>89,007</u> |
| Total net position | <u>\$ 644,851</u> | <u>\$ 689,547</u> |

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2017, the District assets exceeded liabilities by \$644,851.

At December 31, 2017, \$555,844 of District net position represents resources that are subject to external restriction on how they may be used.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

The table below provides a summary of the District changes in net position for 2017 and 2016.

| | Change in Net Position | |
|-----------------------------------|---|---|
| | Governmental Activities <u>2017</u> | Governmental Activities <u>2016</u> |
| Revenues: | | |
| Program revenues: | | |
| Capital grants and contributions | \$ 102 | \$ 2,937,610 |
| Total program revenues | <u>102</u> | <u>2,937,610</u> |
| General revenues: | | |
| Reimbursements and other | <u>181</u> | <u>-</u> |
| Total general revenues | <u>181</u> | <u>-</u> |
| Program expenses: | | |
| General government | - | 120 |
| Public works | <u>44,979</u> | <u>3,030,663</u> |
| Total program expenses | <u>44,979</u> | <u>3,030,783</u> |
| Change in net position | (44,696) | (93,173) |
| Net position at beginning of year | <u>689,547</u> | <u>782,720</u> |
| Net position at end of year | <u>\$ 644,851</u> | <u>\$ 689,547</u> |

The District is primarily funded by contributions from the Belmont County Commissioners and State grants. The District did not receive any grant revenue during 2017.

The most significant program expenses for the District are related to public works. These expenses totaled \$44,979 during the year, representing 100% of total governmental activities expenses. The difference between expenses in 2016 and 2017 is due to large construction projects in 2016 and very little construction activity in 2017.

The statement of activities shows the cost of program services and the grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2017 and 2016. That is, it identifies the cost of these services supported by general revenues.

| | Governmental Activities | | | |
|--------------------------|--|--|--|--|
| | Total Cost of Services <u>2017</u> | Net Cost of Services <u>2017</u> | Total Cost of Services <u>2016</u> | Net Cost of Services <u>2016</u> |
| Program expenses: | | | | |
| General government | \$ - | \$ - | \$ 120 | \$ 120 |
| Public works | <u>44,979</u> | <u>44,877</u> | <u>3,030,663</u> | <u>93,053</u> |
| Total | <u>\$ 44,979</u> | <u>\$ 44,877</u> | <u>\$ 3,030,783</u> | <u>\$ 93,173</u> |

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Governmental Funds

The focus of the District governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District financing requirements.

The District governmental funds reported a combined fund balance of \$644,851, which is \$44,696 less than last year's total of \$689,547. The table below indicates the fund balances and the total change in fund balances as of December 31, 2017 and December 31, 2016 for the governmental funds.

| | Fund Balances <u>December 31, 2017</u> | Fund Balances <u>December 31, 2016</u> | <u>Decrease</u> | Percentage <u>Change</u> |
|----------------------------|---|---|--------------------|-----------------------------|
| Major funds: | | | | |
| General | \$ 89,007 | \$ 89,007 | \$ - | - % |
| Roadwork Development Grant | <u>555,844</u> | <u>600,540</u> | <u>(44,696)</u> | (7.44) % |
| Total | <u>\$ 644,851</u> | <u>\$ 689,547</u> | <u>\$ (44,696)</u> | (6.48) % |

The roadwork development grant fund received revenue of \$283 during the year. These revenue sources were not adequate to provide for the roadwork development grant fund expenditures of \$44,979 incurred during the year.

Economic Conditions and Current Issues

The year ending December 31, 2017 was the ninth full year of operations. The District continued on its mission to improve the prosperity, health, safety, and welfare of the people of Belmont County and the State of Ohio.

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

Contacting the District Financial Management

This financial report is designed to provide citizens, taxpayers, and investors and creditors with a general overview of the District finances and to show the District accountability for the money it receives. If you have questions about this report or need additional financial information, contact, Larry Merry, Chairman of the Transportation Improvement District, 101 N. Market St. – Suite J, St. Clairsville, Ohio 43950. E-mail: larry.merry@co.belmont.oh.us.

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**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

| | Governmental Activities |
|---|------------------------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents. . . . | \$ 647,953 |
| Total assets | 647,953 |
| Liabilities: | |
| Accounts payable. | 3,102 |
| Total liabilities | 3,102 |
| Net position: | |
| Restricted for: | |
| Capital projects | 555,844 |
| Unrestricted | 89,007 |
| Total net position | \$ 644,851 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | <u>Expenses</u> | <u>Program Revenues Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u> |
|--|------------------|--|--|
| Governmental activities: | | | |
| Public works | \$ 44,979 | \$ 102 | \$ (44,877) |
| Total governmental activities. | <u>\$ 44,979</u> | <u>\$ 102</u> | <u>(44,877)</u> |
| General revenues: | | | |
| Miscellaneous | | | <u>181</u> |
| Total general revenues. | | | <u>181</u> |
| Change in net position | | | (44,696) |
| Net position at beginning of year | | | <u>689,547</u> |
| Net positon at end of year. | | | <u>\$ 644,851</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

| | <u>General</u> | <u>Roadwork Development</u> | <u>Total Governmental Funds</u> |
|--|------------------|---------------------------------|---|
| Assets: | | | |
| Equity in pooled cash and cash equivalents | \$ 89,007 | \$ 558,946 | \$ 647,953 |
| Total assets | <u>\$ 89,007</u> | <u>\$ 558,946</u> | <u>\$ 647,953</u> |
| Liabilities: | | | |
| Accounts payable. | \$ - | \$ 3,102 | \$ 3,102 |
| Total liabilities | <u>-</u> | <u>3,102</u> | <u>3,102</u> |
| Fund balances: | | | |
| Restricted for capital projects. | \$ - | \$ 555,844 | \$ 555,844 |
| Unassigned | 89,007 | - | 89,007 |
| Total fund balances. | <u>89,007</u> | <u>555,844</u> | <u>644,851</u> |
| Total liabilities and fund balances | <u>\$ 89,007</u> | <u>\$ 558,946</u> | <u>\$ 647,953</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>General</u> | <u>Roadwork Development</u> | <u>Total Governmental Funds</u> |
|---|------------------|---------------------------------|---|
| Revenues: | | | |
| From local sources: | | | |
| Investment income | \$ - | \$ 102 | \$ 102 |
| Other | - | 181 | 181 |
| Total revenues | <u>-</u> | <u>283</u> | <u>283</u> |
| Expenditures: | | | |
| Public works | - | 44,979 | 44,979 |
| Total expenditures | <u>-</u> | <u>44,979</u> | <u>44,979</u> |
| Net change in fund balances | - | (44,696) | (44,696) |
| Fund balances at beginning of year | <u>89,007</u> | <u>600,540</u> | <u>689,547</u> |
| Fund balances at end of year | <u>\$ 89,007</u> | <u>\$ 555,844</u> | <u>\$ 644,851</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 1 - DESCRIPTION OF THE ENTITY

The Transportation Improvement District, Belmont County (the District), is a body politic and corporate, created for the purpose of financing, constructing, maintaining, repairing, and operating selected transportation projects. The District was specifically formed under the auspices of House Bill 154, and Ohio Revised Code Chapter 5540, as amended, and created by action of the Board of County Commissioners of Belmont County on December 19, 2007.

The District is governed by a Board of Directors that acts as the authoritative and legislative body of the entity. The Board is comprised of seven members, with five members appointed by a majority vote of the Board of Commissioners of Belmont County. The Board of Directors also includes one (1) ex-officio member appointed by the President of the Ohio Senate and one (1) ex-officio member appointed by the Speaker of the Ohio House of Representatives.

The Board of Directors appoints a Chairman, who presides at all meetings and is the chief officer of the District. He has the authority to sign all contracts, releases, notes, bonds and other instruments and documents to be executed on behalf of the District. He 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. He 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 Belmont County's Comprehensive Annual Financial Report, as defined by the provisions of GASB Statement Nos. 14, 39 and 61. The District's management believes these financial statements represent all activities for which the District is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

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

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

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

Fund Financial Statements During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds would be aggregated and presented in a single column; however, the District did not have any nonmajor funds in 2017 since all funds were considered as major.

B. Fund Accounting

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

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

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

Roadwork Development Grant Fund The Roadwork Development Grant Fund is used to account for grant monies for the design, upgrade, and/or construction of public roadways.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the *economic resources* measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources 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.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus (Continued)

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

D. Basis of Accounting

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

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

Nonexchange 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: grants and entitlements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes intergovernmental receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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.

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents".

F. Capital Assets

The District reports no capital assets.

G. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

H. Fund Balance

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

1. Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (Continued)

2. Restricted

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

4. Assigned

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Directors.

5. Unassigned

The unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 the amounts in any of the unrestricted fund balance classifications could be used.

I. Net Position

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted net position are available.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 3 - DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State Statute into two categories, active and inactive. Active monies are public monies determined to be necessary to meet current demand upon the District treasury.

Active 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.

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.

Monies held by the District, which are not considered active, are classified as inactive. Monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury Bills, Notes, 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, or any book entry, zero-coupon United States treasury security that is a direct obligation of 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 or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposits 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 (1) or (2) above and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio)
8. Securities lending agreements in which the District lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

9. Up to twenty-five percent of the District's average portfolio in either of the following:
- a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
 - b. Bankers acceptances eligible for purchase by the Federal Reserve System and which mature within 180 days after purchase;

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the District. Investments must be purchased with the expectation that they 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.

Deposits

Custodial credit risk for deposits 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. At year end, \$397,953 of the District's bank balance of \$647,953 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the 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 and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

NOTE 4 - RISK MANAGEMENT

The District has obtained commercial insurance coverage for general liability and vehicles.

NOTE 5 - CONTINGENCIES

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

NOTE 6 – SPECIAL INVESTIGATION

The Auditor of State is conducting a special investigation. As of the date of this report, the investigation is ongoing. The results of the investigation will be reported on at a later date.

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Transportation Improvement District
Belmont County
101 N. Market Street, Suite J
St. Clairsville, Ohio 43950

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and each major fund of the Transportation Improvement District, Belmont County, Ohio (the District), a component unit of Belmont County, Ohio, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 14, 2020.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. We consider Finding 2018-001 described in the accompanying Schedule of Findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Findings 2018-002 through 2018-003 described in the accompanying Schedule of Findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under Government Auditing Standards.

District's Response to Findings

The District's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the District's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 14, 2020

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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FINDING NUMBER 2018-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. As part of this accounting system, the District should have procedures in place for a review of transactions posted by the Fiscal Officer.

As a result of audit procedures performed, we noted the following issues:

During 2018 and 2017:

- Article II Section 9 of the District's May 5, 2008 bylaws states, in part, the Board shall establish positions of permanent employment as may be necessary to carry out the operations and programs of District. The Board shall fix the rate at which each person shall be compensated. We noted that the District created a Fiscal Manager position in September 2016 but did not approve a compensation rate for the position.
- Article IV Section 3(b)(1) of the District's May 5, 2008 bylaws states, in part, that revenues are to be credited to the District's General Fund. Article IV section 3(b)(2) states, in part, within said General Fund shall be a General Account and an Operating Account. The District only maintained a checkbook register. Subsidiary ledgers were not maintained.
- Article IV Section 3(b)(2) of the District's May 5, 2008 bylaws states, in part, checks requiring the payment of appropriated sums of money form the operating account shall be executed by the Chairman or Vice-Chairman and the Secretary-Treasurer and thus require two different signatures, unless or until such time as the board adopts and institutes an alternative procedure. The Fiscal Manager, on occasion, circumvented the two signature rule established by the Board.
- Supporting documentation for the Fiscal Manager's hours worked were not consistently provided for audit or approved by a person independent of the Fiscal Manager.
- We observed checks were not clearing the bank timely indicating that the Fiscal Officer may have been holding checks before mailing.
- During 2017, the District did not properly record \$3,102 as accounts payable on the financial statements.

There was changeover in the District Board in January 2018. The new board observed that the Fiscal Manager did not provide bank statements and invoices when checks were presented for a board signature. The Board instructed the Fiscal Manager to provide invoices and bank statements in future meetings to support checks signed by the Board. The Fiscal Manager did not consistently comply and had to be reminded from time to time. The Fiscal Manager was supposed to remove an old board member from the bank signatory card and add a new board member. Several board meetings passed and the Fiscal Manager did not have the bank signatory card corrected. The Board removed the Fiscal Manager in February 2019. The board hired an accounting firm to perform an agreed-upon procedure report to review all checks written by the Fiscal Manger for the period September 1, 2016 to December 31, 2018. The District bylaws were updated in January 2018. See Note 6 to the Financial Statements (2018) for more information.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2018-001 (Continued)

Material Weakness (Continued)

Officials' Response: The District no longer employs a Fiscal Manager or any other employee. The handling of checks and appropriate signatories have been corrected. All payments for invoices are being observed and handled by the board in a timely manner.

FINDING NUMBER 2018-002

Significant Deficiency

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash bank balances to accounting system records is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Manager is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis.

Monthly bank to book reconciliations were not consistently prepared for each month of 2018 or 2017. Failure to reconcile monthly increases the possibility that the District will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements. In addition, the Board was reviewing the bank reconciliations at board meetings but not consistently documenting their reviews in the board minutes.

The Fiscal Manager should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. Also, the Board should document their review of the bank reconciliations in the board minutes.

Officials' Response: The Board is now reviewing the bank reconciliations each time it meets. The bank reconciliations are included in the meeting minutes.

FINDING NUMBER 2018-003

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the District did not allow for an adequate segregation of duties; the Fiscal Manager performed all accounting functions. It is therefore important that the Board of Directors function as a finance committee to monitor financial activity closely.

TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(CONTINUED)

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| <p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p> |
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FINDING NUMBER 2018-003 (Continued)

Significant Deficiency (Continued)

Financial information should be presented to the Board on a regular basis. This information should include monthly bank reconciliations, as well as monthly revenue and expenditure activity by fund reports reflecting receipts and expenditures. The presentation of these reports should be documented in the board minutes of the District meetings.

Some of the non-technical duties of a system (i.e. taking deposits to the bank) could be performed by Board members not involved in cash or accounting related functions. The monitoring and review of receipting activity by supervisory personnel not directly involved with daily processing could also be added to provide compensating controls for segregation of duties.

Officials' Response: The board is now functioning as a finance committee, with all financial information presented to it at each meeting. All financial transactions are documented in the board meeting minutes.

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OHIO AUDITOR OF STATE KEITH FABER



BELMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

BELMONT 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
JUNE 2, 2020**