



Mary Taylor, CPA
Auditor of State

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Transportation Improvement District
Muskingum County
205 North Fifth Street
Zanesville, Ohio 43701

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Transportation Improvement District, Muskingum County, Ohio (the District), a component unit of Muskingum County, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Transportation Improvement District, Muskingum County, Ohio, as of December 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

May 10, 2010

TRANSPORTATION IMPROVEMENT DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2009
(Unaudited)

The discussion and analysis of the Transportation Improvement District, Muskingum County (the District's), financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2009. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- ✓ Program revenues accounted for \$407,490 or 100% of total revenues.
- ✓ Total expenses were \$400,342, all within governmental activities.
- ✓ Outstanding debt decreased from \$10,459,447 to \$9,378,635 through the scheduled repayment of debt.

Using this Annual Financial Report

The Statement of Net Assets and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2009 and how they affected the operations of the District as a whole.

Reporting of the Transportation Improvement District as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole District presenting both an aggregate view of the District's 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's major funds.

A question typically asked about the District's finances is, "How did we do financially during fiscal 2009?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes 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's net assets and changes in those assets. This change in net assets 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.

In the *Statement of Net Assets* and the *Statement of Activities*, the District has the following distinct activity:

- ✓ Governmental Activities - The District's programs and services are reported here, including general government, public works and interest expense.

TRANSPORTATION IMPROVEMENT DISTRICT
 Management's Discussion and Analysis
 For the Year Ended December 31, 2009
 (Unaudited)

Reporting the Transportation Improvement District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses several funds to account for financial transactions. Each of the District's funds is considered significant to the District's operations and reported as a major fund. As a result, the District has no nonmajor funds. The District's major governmental funds are the General Fund, the Debt Service Fund, and the Road Work Development Capital Projects Fund.

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

Information is presented separately in the governmental fund *Balance Sheet* and in the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the major funds.

The District as a Whole

Recall that the *Statement of Net Assets* provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets for 2009 compared to 2008:

		Table 1	
		Net Assets	
		<u>Governmental Activities</u>	
		<u>2009</u>	<u>2008</u>
Assets			
Current and Other Assets	\$	9,407,669	\$ 10,481,581
Total Assets		<u>9,407,669</u>	<u>10,481,581</u>
Liabilities			
Long-Term Liabilities		9,378,635	10,459,447
Other Liabilities		<u>-</u>	<u>248</u>
Total Liabilities		<u>9,378,635</u>	<u>10,459,695</u>
Net Assets			
Unrestricted (Deficit)		<u>29,034</u>	<u>21,886</u>
Total Net Assets	\$	<u><u>29,034</u></u>	\$ <u><u>21,886</u></u>

TRANSPORTATION IMPROVEMENT DISTRICT
 Management's Discussion and Analysis
 For the Year Ended December 31, 2009
 (Unaudited)

The District as a Whole (Continued)

Total assets decreased by \$1,073,912 and total liabilities decreased \$1,081,060. A portion of these changes can be attributed to debt payments made to the State Infrastructure Bank from revenues received from Muskingum County. This decreased the District's long-term liabilities and receivables for amounts due to be received from Muskingum County in future periods to retire this debt.

Table 2 shows the changes in net assets for fiscal year 2009. Total revenues decreased by \$862,450 and total expenses decreased by \$853,198. This is mainly due to various projects in the Road Work Development Capital Project Fund. Since the District depends on grants and loans to fund its projects, as projects are near completion or are completed, revenues and expenses will decrease. Conversely, when a new project is started, revenues and expenses will increase until the project is complete. This table will enable the reader to draw further conclusions about the District's financial status.

Table 2
Changes in Net Assets

	Governmental Activities	
	2009	2008
Revenues		
Program Revenues:		
Grants and Contributions	\$ 37,515	\$ 827,438
Charges for Services	369,975	442,502
Total Revenues	<u>407,490</u>	<u>1,269,940</u>
Program Expenses		
General Government	17,232	18,137
Public Works	17,266	792,901
Interest and Fiscal Charges	365,844	442,502
Total Program Expenses	<u>400,342</u>	<u>1,253,540</u>
Increase in Net Assets	<u>\$ 7,148</u>	<u>\$ 16,400</u>

Governmental Activities

The program revenues for the governmental activities come from several different sources, the most significant being grants from the State of Ohio and Muskingum County and charges for services from Muskingum County.

There were no general revenues in 2009.

TRANSPORTATION IMPROVEMENT DISTRICT
 Management's Discussion and Analysis
 For the Year Ended December 31, 2009
 (Unaudited)

The Transportation Improvement District Funds

The District's governmental funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$1,488,302 and expenditures of \$1,481,154.

Debt

The outstanding debt for the Transportation Improvement District was \$9,378,635 as of December 31, 2009. This balance reflected a decrease of \$1,080,812 from the previous year's balance of \$10,459,447. Table 3 summarizes outstanding debt.

Table 3
Outstanding Debt, at December 31

	Governmental Activities	
	2009	2008
Loans Payable	\$ 9,378,635	\$ 10,459,447

The District has entered into two loan agreements with the State Infrastructure Bank. The loan proceeds were used to fund the Northpointe Drive project. The principal and interest payments on the loans are funded through charges for services pursuant to a contract between the District and Muskingum County.

Additional information concerning the District's debt can be found in Note 5 to the basic financial statements.

Contacting the District's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mike Bennett, Board Chairman of the Transportation Improvement District, 205 N. 5th Street, Zanesville, Ohio 43701. E-mail mikebennett@longaberger.com.

TRANSPORTATION IMPROVEMENT DISTRICT

Statement of Net Assets

December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 29,034
Receivables:	
Contracts Receivable	<u>9,378,635</u>
Total Assets	<u>9,407,669</u>
Liabilities	
Long Term Liabilities:	
Due Within One Year	1,132,508
Due Within More Than One Year	<u>8,246,127</u>
Total Liabilities	<u>9,378,635</u>
Net Assets	
Unrestricted	<u>29,034</u>
Total Net Assets	<u><u>\$ 29,034</u></u>

See accompanying notes to the basic financial statements.

TRANSPORTATION IMPROVEMENT DISTRICT

Statement of Activities
for the Year Ended December 31, 2009

		<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
Current:				
General Government	\$ 17,232	\$ 4,131	\$ 20,000	\$ 6,899
Public Works	17,266		17,515	249
Debt Service:				
Interest and Fiscal Charges	<u>365,844</u>	<u>365,844</u>		<u>0</u>
Total Governmental Activities	<u>\$ 400,342</u>	<u>\$ 369,975</u>	<u>\$ 37,515</u>	<u>7,148</u>
				7,148
				<u>21,886</u>
				<u>\$ 29,034</u>

See accompanying notes to the basic financial statements.

TRANSPORTATION IMPROVEMENT DISTRICT

Balance Sheet
December 31, 2009

	General	Debt Service	Road Work Development	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 9,947	\$	\$ 19,087	\$ 29,034
Receivables:				
Interfund Receivable	17,515			17,515
Contracts Receivable		9,378,635		9,378,635
Total Assets	\$ 27,462	\$ 9,378,635	\$ 19,087	\$ 9,425,184
Liabilities				
Interfund Payable	\$	\$	\$ 17,515	\$ 17,515
Deferred Revenue		9,378,635		9,378,635
Total Liabilities	0	9,378,635	17,515	9,396,150
Fund Balances				
Undesignated:				
General Fund	27,462			27,462
Capital Projects Funds			1,572	1,572
Total Fund Balances	27,462	0	1,572	29,034
Total Liabilities and Fund Balances	\$ 27,462	\$ 9,378,635	\$ 19,087	\$ 9,425,184

See accompanying notes to the basic financial statements.

TRANSPORTATION IMPROVEMENT DISTRICT
Reconciliation of Total Governmental Fund Balances to
Net Assets Governmental Activities
December 31, 2009

Total Governmental Fund Balances	\$ 29,034
Amounts reported for governmental activities in the statement of net assets are different because:	
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	9,378,635
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(9,378,635)</u>
Net Assets of Governmental Activities	<u>\$ 29,034</u>

See accompanying notes to the basic financial statements.

TRANSPORTATION IMPROVEMENT DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
for the Year Ended December 31, 2009

	General	Debt Service	Road Work Development	Total Governmental Funds
Revenues:				
Intergovernmental	\$ 20,000	\$ 1,446,656	\$ 17,515	\$ 1,484,171
Miscellaneous	4,131			4,131
	24,131	1,446,656	17,515	1,488,302
Expenditures:				
Current:				
General Government	17,232			17,232
Public Works			17,266	17,266
Debt Service:				
Principal Retirement		1,080,812		1,080,812
Interest and Fiscal Charges		365,844		365,844
	17,232	1,446,656	17,266	1,481,154
Excess of Revenues Over/(Under) Expenditures	6,899	0	249	7,148
Fund Balance (Deficit) at Beginning of Year	20,563	0	1,323	21,886
Fund Balance (Deficit) at End of Year	\$ 27,462	\$ 0	1,572	\$ 29,034

See accompanying notes to the basic financial statements.

TRANSPORTATION IMPROVEMENT DISTRICT
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
for the Year Ended December 31, 2009

Net Change in Fund Balances - Total Governmental Funds \$ 7,148

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

Revenues received for long-term contracts receivable are recorded as revenue in the fund statements, but reduce long-term contracts receivable in the statement of net assets (1,080,812)

Repayment of long-term debt principal is an expenditure in the fund statements, but the repayment reduces long-term liabilities in the statement of net assets. 1,080,812

Change in Net Assets of Governmental Activities \$ 7,148

See accompanying notes to the basic financial statements.

TRANSPORTATION IMPROVEMENT DISTRICT

Notes to the Basic Financial Statements

December 31, 2009

NOTE 1 - REPORTING ENTITY

The Transportation Improvement District, Muskingum 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 Muskingum County on November 20, 1995.

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 Muskingum 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 Muskingum County's December 31, 2009 Comprehensive Annual Financial Report, as defined by the provisions of GASB Statement Nos. 14 and No. 39. Also, the Zanesville-Muskingum County Port Authority serves as the Administrative Agent for the District. 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 Assets 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 Assets 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 Assets 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

Notes to the Basic Financial Statements

December 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 2009 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.

Debt Service Fund The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs.

Road Work Development Capital Projects Fund The Road Work Development Fund is used to account for grant monies for the design, upgrade, and/or construction of public roadways serving commercial or industrial economic development projects.

C. Measurement Focus

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

TRANSPORTATION IMPROVEMENT DISTRICT

Notes to the Basic Financial Statements

December 31, 2009

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 current liabilities 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 revenue, and in the presentation of expenses versus expenditures.

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

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

TRANSPORTATION IMPROVEMENT DISTRICT

Notes to the Basic Financial Statements

December 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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" on the combined Balance Sheet and Statement of Net Assets.

F. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Assets.

G. Capital Assets

The District reports no capital assets. A road constructed by the District has been completed but through contractual agreements, Muskingum County uses and maintains the road. The County reports this road as a capital asset on its financial statements. Title to the asset will transfer to the County upon full payment of the related debt.

H. 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. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

I. Net Assets

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

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

The Muskingum County Auditor serves as fiscal officer of the District. The Ohio Revised Code prescribes allowable deposits and investments for both the District and the County. At December 31, 2009, the District had cash and investments with a carrying amount of \$29,034, which is included in and collateralized with Muskingum County's cash management pool.

NOTE 4 - RECEIVABLES

Receivables at December 31, 2009 consisted of contracts receivable from Muskingum County for \$9,378,635. All receivables are considered collectible in full due to the executed contracts with the Muskingum County Commissioners.

TRANSPORTATION IMPROVEMENT DISTRICT

Notes to the Basic Financial Statements

December 31, 2009

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during 2009 were as follows:

	<u>Outstanding</u> <u>1/1/2009</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Outstanding</u> <u>12/31/2009</u>	<u>Amounts Due</u> <u>In One Year</u>
Governmental Activities:					
General long-term obligations:					
State Infrastructure Bank - 3%	\$ 8,042,414	\$	\$ (571,328)	\$ 7,471,086	\$ 607,626
State Infrastructure Bank - 3% additional loan proceeds	<u>2,417,033</u>		<u>(509,484)</u>	<u>1,907,549</u>	<u>524,882</u>
Total general long-term obligations	<u>\$ 10,459,447</u>	<u>\$ 0</u>	<u>\$ (1,080,812)</u>	<u>\$ 9,378,635</u>	<u>\$ 1,132,508</u>

The annual requirements to retire governmental activities debt are as follows:

	<u>Loans</u>			
	<u>State Infrastructure Bank - 3%</u>		<u>State Infrastructure Bank - 3%</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 607,626	\$ 237,913	\$ 524,882	\$ 53,319
2011	627,534	218,005	540,747	37,455
2012	648,095	197,444	557,091	21,111
2013	669,329	176,210	284,829	4,272
2014	691,259	154,280		
2015-2019	3,811,233	416,463		
2020-2022	<u>416,010</u>	<u>6,760</u>		
Total	<u>\$ 7,471,086</u>	<u>\$ 1,407,075</u>	<u>\$ 1,907,549</u>	<u>\$ 116,157</u>

The District entered into the loan agreement on June 15, 1999 with the Ohio Department of Transportation to finance the Northpointe Drive Project over a period of 20 years. As collateral for the loan, the State Infrastructure Bank has received an assignment of all use payments from Muskingum County and an assignment of tax increment financing from the Longaberger Company. The District received the total authorized amount of \$11,464,129, which included the refinancing of accumulated interest of \$404,129. During 2009, State Infrastructure Bank amended the loan agreement to reflect an interest rate of 3% plus an administrative fee of .25% per annum.

In March 2003, the District obtained approval for an additional State Infrastructure Loan to finance design revisions and completion of the Northpointe Drive Project. The loan included \$4,010,000, plus the refinancing of projected accumulated interest in the amount of \$121,202 to be repaid over 8 years. In 2004, \$60,150 of accrued interest was added to the loan balance, and the remaining balance of \$61,052 of accrued interest was added during 2005. As collateral for the loan, the State Infrastructure Bank received an assignment of all use payments from Muskingum County and an assignment of tax increment financing from the Longaberger Company. The District received the total authorized amount of \$4,131,202.

NOTE 6 - CURRENT PROJECTS

Various projects in the Road Work Development Capital Projects Fund were ongoing at December 31, 2009.

TRANSPORTATION IMPROVEMENT DISTRICT

Notes to the Basic Financial Statements

December 31, 2009

NOTE 7 - RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

General liability
Vehicles

NOTE 8 - RELATED PARTY TRANSACTION

The District currently shares office space with Zanesville Muskingum County Port Authority in the Welcome Center, located at 205 North Fifth Street, Zanesville.

NOTE 9 – INTERNAL BALANCES

Interfund balances at December 31, 2009 consist of an interfund loan of \$17,515 from the Road Work Development Fund to the General Fund. This interfund loan was repaid on January 11, 2010.



Mary Taylor, CPA

Auditor of State

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

Transportation Improvement District
Muskingum County
205 North Fifth Street
Zanesville, Ohio 43701

To the Board of Directors:

We have audited the financial statements of the governmental activities and each major fund of the Transportation Improvement District, Muskingum County, Ohio (the District), a component unit of Muskingum County, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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*.

We intend this report solely for the information and use of management, the Board of Directors, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

May 10, 2010



Mary Taylor, CPA
Auditor of State

TRANSPORTATION IMPROVEMENT DISTRICT

MUSKINGUM 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 22, 2010**