



Dave Yost • Auditor of State



**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY  
DECEMBER 31, 2016 AND 2015**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Transportation Improvement District  
Belmont County  
c/o Belmont County Port Authority  
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, 2016 and 2015, 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 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, 2016 and 2015, 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 November 13, 2017, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 13, 2017

**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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, 2016. 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 2016 are as follows:

- The total net position reported by the District decreased \$93,173 from \$782,720 to \$689,547.
- Program specific revenues accounted for \$2,937,610, all of the total governmental activities revenue.
- The District had \$3,030,783 in expenses related to governmental activities. These expenses were partially offset by program specific revenues (capital grants and contributions) of \$2,937,610.
- The District major governmental funds are the general fund and the roadwork development grant fund. The general fund had expenditures of \$120 during 2016. The net decrease in fund balance for the general fund was \$120 or 0.13%.
- The roadwork development grant fund had revenues of \$2,937,610 and expenditures of \$3,030,663 during 2016. The net decrease in fund balance for the roadwork development grant fund was \$93,053 or 13.42%.

**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, 2016**

**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 2016?" 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 13-19 of this report.

**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**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, 2016 and December 31, 2015.

	<b>Net Position</b>	
	Governmental Activities	Governmental Activities
	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<u>Assets</u>		
Current and other assets	\$ 689,547	\$ 787,900
Total assets	<u>689,547</u>	<u>787,900</u>
<u>Liabilities</u>		
Current liabilities	-	5,180
Total liabilities	<u>-</u>	<u>5,180</u>
<u>Net Position</u>		
Restricted	600,540	693,593
Unrestricted	<u>89,007</u>	<u>89,127</u>
Total net position	<u>\$ 689,547</u>	<u>\$ 782,720</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2016, the District assets exceeded liabilities by \$689,547.

At December 31, 2016, \$600,540 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, 2016**

The table below provides a summary of the District changes in net position for 2016 and 2015.

	<b>Change in Net Position</b>	
	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
Revenues:		
Program revenues:		
Capital grants and contributions	\$ <u>2,937,610</u>	\$ <u>1,909,170</u>
Total program revenues	<u>2,937,610</u>	<u>1,909,170</u>
General revenues:		
Reimbursements and other	<u>-</u>	<u>159</u>
Total general revenues	<u>-</u>	<u>159</u>
Program expenses:		
General Government	120	490
Public Works	<u>3,030,663</u>	<u>3,111,805</u>
Total program expenses	<u>3,030,783</u>	<u>3,112,295</u>
Change in net position	(93,173)	(1,202,966)
Net position at beginning of year	<u>782,720</u>	<u>1,985,686</u>
Net position at end of year	<u>\$ 689,547</u>	<u>\$ 782,720</u>

The District is primarily funded by contributions from the Belmont County Commissioners and State grants. These contributions and grants are considered capital grants and contributions in the statement of activities, totaling \$2,937,610 during the year.

The most significant program expenses for the District are related to Public works. These expenses totaled \$3,030,663 during the year, representing 99.99% of total governmental activities expenses.

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 2016 and 2015. That is, it identifies the cost of these services supported by general revenues.

	<b>Governmental Activities</b>			
	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>
<b>Program expenses:</b>				
General Government	\$ 120	\$ 120	\$ 490	\$ 490
Public Works	<u>3,030,663</u>	<u>93,053</u>	<u>3,111,805</u>	<u>1,202,635</u>
Total	<u>\$ 3,030,783</u>	<u>\$ 93,173</u>	<u>\$ 3,112,295</u>	<u>\$ 1,203,125</u>

The dependence upon program specific revenues for governmental activities is apparent, with 96.93% of expenses supported through capital grants and contributions.

**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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 \$689,547, which is \$93,173 less than last year's total of \$782,720. The table below indicates the fund balances and the total change in fund balances as of December 31, 2016 and December 31, 2015 for the governmental funds.

	<u>Fund Balances</u> <u>December 31, 2016</u>	<u>Fund Balances</u> <u>December 31, 2015</u>	<u>Decrease</u>	<u>Percentage</u> <u>Change</u>
<b>Major funds:</b>				
General	\$ 89,007	\$ 89,127	\$ (120)	(0.13) %
Roadwork Development Grant	<u>600,540</u>	<u>693,593</u>	<u>(93,053)</u>	(13.42) %
Total	<u>\$ 689,547</u>	<u>\$ 782,720</u>	<u>\$ (93,173)</u>	(11.90) %

The roadwork development grant fund received intergovernmental revenue of \$2,937,610 during the year. These revenue sources were not adequate to provide for the roadwork development grant fund expenditures of \$3,030,663 incurred during the year.

**Economic Conditions and Current Issues**

The year ending December 31, 2016 was the eighth 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. In total, the District maintained two active on-going projects (U.S. 40/Mall Area Connector and the State Route 331/I-70 Interchange) during 2016.

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, Dennis Bigler, Chairman of the Transportation Improvement District, c/o Belmont County Port Authority, 101 N. Market Street, Suite J, St. Clairsville, Ohio 43950.

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**TRANSPORTATION IMPROVEMENT DISTRICT  
 BELMONT COUNTY  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2016**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalent	\$ 689,547
<b>Total Assets</b>	689,547
<b>Net Position:</b>	
Restricted for:	
Capital Projects	600,540
Unrestricted	89,007
<b>Total Net Position</b>	\$ 689,547

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Expenses</u>	<u>Program Revenues Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
<b>Governmental Activities:</b>			
Current:			
General Government	\$ 120	\$ -	\$ (120)
Public Works	3,030,663	2,937,610	(93,053)
Total Governmental Activities	<u>\$ 3,030,783</u>	<u>\$ 2,937,610</u>	<u>(93,173)</u>
			(93,173)
			<u>782,720</u>
			<u>\$ 689,547</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT  
 BELMONT COUNTY  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 DECEMBER 31, 2016**

	<u>General</u>	<u>Roadwork Development</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 89,007	\$ 600,540	\$ 689,547
Total Assets	<u>\$ 89,007</u>	<u>\$ 600,540</u>	<u>\$ 689,547</u>
<b>Fund balances:</b>			
Restricted for Capital Projects	\$ -	\$ 600,540	\$ 600,540
Unassigned	<u>89,007</u>	<u>-</u>	<u>89,007</u>
Total Fund Balance	<u>89,007</u>	<u>600,540</u>	<u>689,547</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 89,007</u>	<u>\$ 600,540</u>	<u>\$ 689,547</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, 2016

	<u>General</u>	<u>Roadwork Development</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 2,937,610	\$ 2,937,610
Total Revenues	<u>-</u>	<u>2,937,610</u>	<u>2,937,610</u>
<b>Expenditures:</b>			
General Government	120	-	120
Public Works	-	3,030,663	3,030,663
Total Expenditures	<u>120</u>	<u>3,030,663</u>	<u>3,030,783</u>
Net Change in Fund Balances	(120)	(93,053)	(93,173)
<b>Fund Balance at Beginning of Year</b>	<u>89,127</u>	<u>693,593</u>	<u>782,720</u>
<b>Fund Balance at End of year</b>	<u>\$ 89,007</u>	<u>\$ 600,540</u>	<u>\$ 689,547</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, 2016**

**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, 2016**

**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 2016 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, 2016

**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, 2016**

**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, 2016**

**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**

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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, 2016**

**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, 2016**

**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 County. 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, \$439,547 of the District's bank balance of \$689,547 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.

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**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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, 2015. 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 2015 are as follows:

- The total net position reported by the District decreased \$1,202,966 from \$1,985,686 to \$782,720.
- General revenues accounted for \$159 or 0.02% of total governmental activities revenue. Program specific revenues accounted for \$1,909,170 or 99.98% of total governmental activities revenue.
- The District had \$3,112,295 in expenses related to governmental activities. These expenses were partially offset by general revenues (reimbursements and other revenues) of \$159 and program specific revenues (capital grants and contributions) of \$1,909,170.
- The District major governmental funds are the general fund and the roadwork development grant fund. The general fund had revenues of \$159 and expenditures of \$490 during 2015. The net decrease in fund balance for the general fund was \$331 or 0.37%.
- The roadwork development grant fund had revenues of \$1,928,356 and expenditures of \$3,111,805 during 2015. The net decrease in fund balance for the roadwork development grant fund was \$1,183,449 or 63.05%.

**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, 2015**

**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 2015?" 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 33-39 of this report.

**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

**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, 2015 and December 31, 2014.

	<b>Net Position</b>	
	Governmental Activities	Governmental Activities
	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<u>Assets</u>		
Current and other assets	\$ 787,900	\$ 1,995,714
Total assets	<u>787,900</u>	<u>1,995,714</u>
<u>Liabilities</u>		
Current liabilities	<u>5,180</u>	<u>10,028</u>
Total liabilities	<u>5,180</u>	<u>10,028</u>
<u>Net Position</u>		
Restricted	693,593	1,896,228
Unrestricted	<u>89,127</u>	<u>89,458</u>
Total net position	<u>\$ 782,720</u>	<u>\$ 1,985,686</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2015, the District assets exceeded liabilities by \$782,720.

At December 31, 2015, \$693,593 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, 2015**

The table below provides a summary of the District changes in net position for 2015 and 2014.

	<b>Change in Net Position</b>	
	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
Revenues:		
Program revenues:		
Capital grants and contributions	\$ 1,909,170	\$ 1,976,727
Total program revenues	<u>1,909,170</u>	<u>1,976,727</u>
General revenues:		
Reimbursements and other	<u>159</u>	<u>-</u>
Total general revenues	<u>159</u>	<u>-</u>
Program expenses:		
General Government	490	6
Public Works	<u>3,111,805</u>	<u>76,952</u>
Total program expenses	<u>3,112,295</u>	<u>76,958</u>
Change in net position	(1,202,966)	1,899,769
Net position at beginning of year	<u>1,985,686</u>	<u>85,917</u>
Net position at end of year	<u>\$ 782,720</u>	<u>\$ 1,985,686</u>

The District is primarily funded by contributions from the Belmont County Commissioners and State grants. These contributions and grants are considered capital grants and contributions in the statement of activities, totaling \$1,909,170 during the year.

The most significant program expenses for the District are related to Public works. These expenses totaled \$3,111,805 during the year, representing 99.98% of total governmental activities expenses.

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 2015 and 2014. That is, it identifies the cost of these services supported by general revenues.

	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
<b>Program expenses:</b>				
General Government	\$ 490	\$ 490	\$ 6	\$ 6
Public Works	<u>3,111,805</u>	<u>1,202,635</u>	<u>76,952</u>	<u>(1,899,775)</u>
Total	<u>\$ 3,112,295</u>	<u>\$ 1,203,125</u>	<u>\$ 76,958</u>	<u>\$ (1,899,769)</u>

The dependence upon program specific revenues for governmental activities is apparent, with 61.34% of expenses supported through capital grants and contributions.

**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**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 \$782,720, which is \$1,183,780 less than last year's total of \$1,966,500. The table below indicates the fund balances and the total change in fund balances as of December 31, 2015 and December 31, 2014 for the governmental funds.

	Fund Balances <u>December 31, 2015</u>	Fund Balances <u>December 31, 2014</u>	<u>Decrease</u>	Percentage <u>Change</u>
<b>Major funds:</b>				
General	\$ 89,127	\$ 89,458	\$ (331)	(0.37) %
Roadwork Development Grant	<u>693,593</u>	<u>1,877,042</u>	<u>(1,183,449)</u>	(63.05) %
Total	<u>\$ 782,720</u>	<u>\$ 1,966,500</u>	<u>\$ (1,183,780)</u>	(60.20) %

The general fund had reimbursements and other revenues of \$159, this was not sufficient to cover the general fund expenditures of \$490, resulting in a minor decrease in fund balance during 2015.

The roadwork development grant fund received intergovernmental revenue of \$1,928,356 during the year. These revenue sources were not adequate to provide for the roadwork development grant fund expenditures of \$3,111,805 incurred during the year.

**Economic Conditions and Current Issues**

The year ending December 31, 2015 was the eighth 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. In total, the District maintained two active on-going projects (U.S. 40/Mall Area Connector and the State Route 331/I-70 Interchange) during 2015.

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, Dennis Bigler, Chairman of the Transportation Improvement District, c/o Belmont County Port Authority, 101 N. Market Street, Suite J, St. Clairsville, Ohio 43950.

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**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 787,900
Total Assets	787,900
<b>Liabilities:</b>	
Contracts Payable	5,180
Total Liabilities	5,180
<b>Net Position:</b>	
Restricted for:	
Capital Projects	693,593
Unrestricted	89,127
<b>Total Net Position</b>	<b>\$ 782,720</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Expenses</u>	<u>Program Revenues Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
<b>Governmental Activities:</b>			
Current:			
General Government	\$ 490	\$ -	\$ (490)
Public Works	3,111,805	1,909,170	(1,202,635)
Total Governmental Activities	<u>\$ 3,112,295</u>	<u>\$ 1,909,170</u>	<u>(1,203,125)</u>
<b>General Revenues:</b>			
Miscellaneous			159
Total General Revenues			<u>159</u>
Changes in Net Position			(1,202,966)
<b>Net Position Beginning of Year</b>			<u>1,985,686</u>
<b>Net Position End of Year</b>			<u>\$ 782,720</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<u>General</u>	<u>Roadwork Development</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 89,127	\$ 698,773	\$ 787,900
Total Assets	<u>\$ 89,127</u>	<u>\$ 698,773</u>	<u>\$ 787,900</u>
<b>Liabilities:</b>			
Contracts Payable	\$ -	\$ 5,180	\$ 5,180
Total Liabilities	<u>-</u>	<u>5,180</u>	<u>5,180</u>
<b>Fund Balances:</b>			
Restricted for Capital Projects	-	693,593	693,593
Unassigned	<u>89,127</u>	<u>-</u>	<u>89,127</u>
Total Fund Balance	<u>89,127</u>	<u>693,593</u>	<u>782,720</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 89,127</u>	<u>\$ 698,773</u>	<u>\$ 787,900</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, 2015

	<u>General</u>	<u>Roadwork Development</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 1,928,356	\$ 1,928,356
Other	159	-	159
Total Revenues	<u>159</u>	<u>1,928,356</u>	<u>1,928,515</u>
<b>Expenditures:</b>			
General Government	490	-	490
Public Works	-	3,111,805	3,111,805
Total Expenditures	<u>490</u>	<u>3,111,805</u>	<u>3,112,295</u>
Net Change in Fund Balance	(331)	(1,183,449)	(1,183,780)
<b>Fund Balance at Beginning of Year</b>	<u>89,458</u>	<u>1,877,042</u>	<u>1,966,500</u>
<b>Fund Balance at End of year</b>	<u><u>\$ 89,127</u></u>	<u><u>\$ 693,593</u></u>	<u><u>\$ 782,720</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

<b>Net change in fund balances - total governmental funds</b>	\$	(1,183,780)
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*Amounts reported for governmental activities in the  
statement of activities are different because:*

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds.

Intergovernmental	<u>(19,186)</u>	
Total		<u>(19,186)</u>

<b>Change in net position of governmental activities</b>	\$	<u><u>(1,202,966)</u></u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**TRANSPORTATION IMPROVEMENT DISTRICT  
BELMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**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, 2015**

**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 2015 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, 2015

**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, 2015

**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, 2015**

**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**

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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, 2015**

**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, 2015**

**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 County. 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, \$805,191 of the District's bank balance of \$1,055,191 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 – CONTRACTUAL COMMITMENTS**

The District as of December 31, 2015 had a contract commitment to Heinlein Properties, Inc. for a right of way attainment in the amount of \$38,850.

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# Dave Yost • Auditor of State

## 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  
c/o Belmont County Port Authority  
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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 2017.

### ***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.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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*.

***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 communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 13, 2017



# Dave Yost • Auditor of State

**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  
DECEMBER 5, 2017**