

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT  
LICKING COUNTY, OHIO  
(A Component Unit of Licking County)**

**BASIC FINANCIAL STATEMENTS  
(AUDITED)**

**FOR THE YEAR ENDED DECEMBER 31, 2017**





# Dave Yost • Auditor of State

Board of Trustees  
Licking County Transportation Improvement District  
20 South 2nd Street  
Newark, OH 43055

We have reviewed the *Independent Auditor's Report* of the Licking County Transportation Improvement District, Licking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Licking County Transportation Improvement District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 25, 2018

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**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT  
LICKING COUNTY, OHIO  
(A Component Unit of Licking County)**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

Licking County Transportation Improvement District  
Licking County  
20 South 2<sup>nd</sup> Street  
Newark, Ohio 43055

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Licking County Transportation Improvement District, Licking County, Ohio, a component unit of Licking County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Licking County Transportation Improvement 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 Licking County Transportation Improvement 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 Licking County Transportation Improvement District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Licking County Transportation Improvement District, Licking County, Ohio, as of December 31, 2017, and the respective changes in financial position thereof for the year 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 June 7, 2018, on our consideration of the Licking County Transportation Improvement 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 Licking County Transportation Improvement District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
June 7, 2018



**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

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

Pursuant to Resolution No. 2015-01 adopted on May 13, 2015, the Licking County Transportation Improvement District became a legal entity created under Chapter 5540 of the Ohio Revised Code.

#### Financial Highlights

Key financial highlights for 2017 are as follows:

- The total net position of the District decreased \$825,609 from 2016 net position of \$1,728,187.
- General revenues accounted for \$122,567 or 8% of total governmental activities revenue. Program specific revenues accounted for \$1,373,094 or 92% of total governmental activities revenue.
- The District had \$2,321,270 in expenses of which \$1,373,094 of these expenses were offset by program specific charges for capital grants and contributions which was not sufficient to cover remaining expenses.
- The General fund had revenues and other financing sources of \$92,947 in 2017 while expenditures totaled \$55,892. The ending fund balance for the General fund was \$78,613.
- The Jug Street Reconstruction fund had revenues and other financing sources of \$256,303 in 2017 while expenditures totaled \$160,553. The ending fund balance was \$102,792.
- The Harrison Road Bridge fund had revenues of \$198,843 and expenditures of \$189,327 ending with a remaining fund balance of zero at December 31, 2017.
- The Etna State Route 310 LIC-310-1.26 fund had revenues and other financing sources of \$6,597,566 and expenditures and other financing uses of totaled \$3,622,356. The ending fund balance was \$4,911,803.

#### Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these 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 District as a whole, 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.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. For 2017 the District reported the General fund, Jug Street Reconstruction fund, Harrison Road Bridge fund and the Etna State Route 310 LIC-310-1.26 fund as major funds.

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains a description of the 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 we do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities, 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's 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. In the statement of net position and the statement of activities, the District reports the following kind of activities:

Governmental activities - The District's programs and services are reported here including general government and transportation services. These services are funded primarily by intergovernmental revenues which were limited to pledged revenues from its members as well as capital grant revenues. The District's statement of net position and statement of activities can be found on pages 11-12 of this report.

**Reporting the District's Most Significant Fund**

*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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The District does not report proprietary or fiduciary funds.

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus' on the District's most significant funds. The analysis of the District's major governmental funds begins on page 13.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

For 2017 the District reported the General fund, Jug Street Reconstruction fund, Harrison Road Bridge fund and the Etna State Route 310 LIC-310-1.26 fund as major funds. Information for these funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. The basic governmental fund financial statements can be found on pages 13 and 16 of this report.

***Notes to the Basic Financial Statements***

The notes 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 17-32 of this report.

**Government-Wide Financial Analysis**

The statement of net position serves as a useful indicator of a government's financial position. The following below provides a summary of the District's net position for 2017 and 2016.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

	<b>Net Position</b>	
	<u>Governmental Activities</u>	
	2017	2016
<b><u>Assets</u></b>		
Current and other assets	\$ 5,343,348	\$ 2,216,431
Capital assets	1,268,818	-
<b>Total assets</b>	<b>6,612,166</b>	<b>2,216,431</b>
<b><u>Liabilities</u></b>		
Current liabilities	286,676	22,614
Long-term liabilities:		
Due within one year	380,000	465,630
Due in more than one year	5,042,912	-
<b>Total liabilities</b>	<b>5,709,588</b>	<b>488,244</b>
<b><u>Net Position</u></b>		
Net investment in capital assets	1,242,518	-
Restricted	5,014,595	1,696,145
Unrestricted	(5,354,535)	32,042
<b>Total net position</b>	<b>\$ 902,578</b>	<b>\$ 1,728,187</b>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2017, the District's assets exceeded liabilities by \$902,578. A portion of the District's net position, \$5,014,595 represents resources that are subject to external restriction.

The following below provides a summary of the District's change in net position for 2017 and 2016.

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**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

	<b>Change in Net Position</b>	
	Governmental Activities	
	2017	2016
<b>Revenues</b>		
Program revenues:		
Capital grants and contributions	\$ 1,373,094	\$ 2,466,837
Total program revenues	1,373,094	2,466,837
General revenues:		
Unrestricted grants and entitlements	66,667	60,000
Interest	34,414	-
Other	21,486	540
Total general revenues	122,567	60,540
Total revenues	1,495,661	2,527,377
<b>Expenses:</b>		
General government	55,892	51,602
Transportation	2,039,928	780,748
Interest and fiscal charges	116,066	-
Bond issuance costs	109,384	-
Total expenses	2,321,270	832,350
Change in net position	(825,609)	1,695,027
Net position at beginning of year	1,728,187	33,160
Net position at end of year	\$ 902,578	\$ 1,728,187

**Governmental Activities**

Governmental activities net position was \$902,578 a decrease of \$825,609 from 2016. Transportation expenses accounted for \$2,039,928 or 88% of total expenses. The District issued \$4,745,000 in bonds through the Ohio Department of Transportation State Infrastructure Bank program thus debt interest and fiscal charges and bond issuances costs accounted for \$225,450, or 10% of total expenses.

Capital grants and contributions totaled \$1,373,094 and relate to state and local contributions for the primary purpose of improving infrastructure within Licking County. General revenues, specifically unrestricted grants and entitlements, consisted of pledges from the Licking County Commissioners, and the Licking County Engineer. The Heath-Newark Licking County Port Authority provided in-kind services totaling \$26,667 which are reflected in the accompanying basic financial statements.

The statement of activities shows the cost of program services and any program revenues which may be offsetting those services. The following table shows the total cost of services and the net cost of services for 2017 and 2016.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

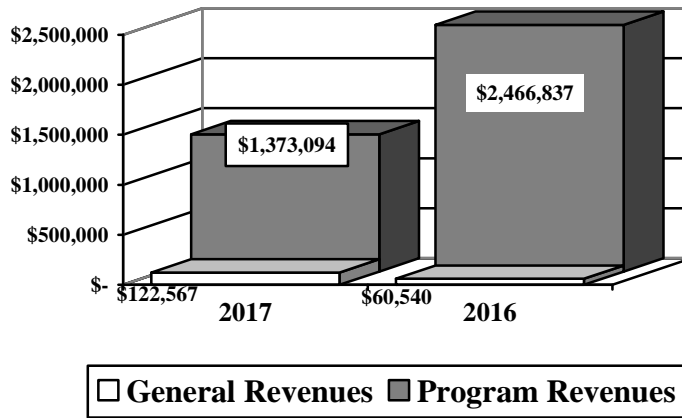
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

**Governmental Activities - Program Revenues vs. Total Expenses**

	Governmental Activities			
	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses:				
General government	\$ 55,892	\$ 55,892	\$ 51,602	\$ 51,602
Transportation	2,039,928	666,834	780,748	(1,686,089)
Interest and fiscal charges	116,066	116,066	-	-
Bond issuance costs	109,384	109,384	-	-
<b>Total</b>	<b>\$ 2,321,270</b>	<b>\$ 948,176</b>	<b>\$ 832,350</b>	<b>\$ (1,634,487)</b>

The chart below illustrates the District's program revenues versus general revenues for 2017 and 2016.

**Governmental Activities – General and Program Revenues**



**Financial Analysis of the District's Fund**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

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

The District's governmental funds (as presented on the balance sheet) reported a combined fund balance of \$5,093,208 which is \$3,117,531 above last year's total of \$1,975,677. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2017 for all major governmental funds.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

	Fund Balances <u>12/31/2017</u>	Fund Balances <u>12/31/2016</u>	<u>Increase</u>
Major funds:			
General	\$ 78,613	\$ 41,558	\$ 37,055
Jug Street Reconstruction	102,792	7,042	95,750
Harrison Road Bridge	-	(9,516)	9,516
State Route 310 LIC-310-1.26	<u>4,911,803</u>	<u>1,936,593</u>	<u>2,975,210</u>
Total	<u>\$ 5,093,208</u>	<u>\$ 1,975,677</u>	<u>\$ 3,117,531</u>

**Capital Assets and Debt Administration**

*Capital Assets*

Capital assets consisted of land purchased during December 31, 2017 of \$1,268,818. See Note 6 to the basic financial statements for detail on the District's capital assets.

*Debt Administration*

The District reported the following long-term obligations at December 31, 2017 and 2016:

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Loans payable	\$ 250,000	\$ 465,630
State Infrastructure Bank bonds	<u>4,745,000</u>	<u>-</u>
Total long-term obligations	<u>\$ 4,995,000</u>	<u>\$ 465,630</u>

See Note 7 to the basic financial statements for detail on the District's long-term obligations.

**Economic Factors**

The year ended December 31, 2017 saw the District secure funding for infrastructure projects in Licking County with existing projects on schedule with existing completion dates. As 2018 progresses the Board of the District is committed to forming partnerships with all Licking County governments in order to address not only their communities' infrastructure needs but also those of Licking County as a whole.

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, the District 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 Licking County and the State of Ohio.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO  
(A Component Unit of Licking County)**

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, member governments, 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 questions about this report or need additional financial information, contact Mr. Jared Knerr, Secretary/Treasurer, Licking County Transportation Improvement District, 20 South 2nd Street, Newark, Ohio 43055.



**BASIC  
FINANCIAL STATEMENTS**

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**  
**(A Component Unit of Licking County)**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash	\$ 5,086,343
Receivables:	
Due from other governments	257,005
Non-depreciable capital assets	1,268,818
Total assets	6,612,166
<b>Liabilities:</b>	
Accounts payable	2,445
Contracts payable	241,677
Intergovernmental payable	6,018
Accrued interest payable	36,536
Long-term liabilities:	
Due within one year	380,000
Due in more than one year	5,042,912
Total liabilities	5,709,588
<b>Net position:</b>	
Net investment in capital assets	1,242,518
Restricted for:	
Debt service	167,927
Transportation projects	4,846,668
Unrestricted	(5,354,535)
Total net position	\$ 902,578

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**  
**(A Component Unit of Licking County)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Expenses</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) and Change in Net Position</u>
			<u>Governmental Activities</u>
<b>Governmental activities:</b>			
General government	\$ 55,892	\$ -	\$ (55,892)
Transportation	2,039,928	1,373,094	(666,834)
Interest and fiscal charges	116,066	-	(116,066)
Bond issuance costs	109,384	-	(109,384)
	<u>2,321,270</u>	<u>1,373,094</u>	<u>(948,176)</u>
Total governmental activities	<u>\$ 2,321,270</u>	<u>\$ 1,373,094</u>	<u>(948,176)</u>
<b>General revenues:</b>			
Grants and entitlements not restricted to specific programs			66,667
Interest			34,414
Other			21,486
			<u>122,567</u>
Total general revenues			122,567
Change in net position			(825,609)
Net position at beginning of year			1,728,187
Net position at end of year			<u>\$ 902,578</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**  
**(A Component Unit of Licking County)**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	<u>General</u>	<u>Jug Street Reconstruction</u>	<u>Etna State Route 310 LIC-310-1.26</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash	\$ 81,197	\$ 134,708	\$ 4,870,438	\$ 5,086,343
Receivables:				
Due from other governments	-	7,005	250,000	257,005
Total assets	<u>\$ 81,197</u>	<u>\$ 141,713</u>	<u>\$ 5,120,438</u>	<u>\$ 5,343,348</u>
<b>Liabilities:</b>				
Accounts payable	\$ 2,445	\$ -	\$ -	\$ 2,445
Contracts payable	-	38,921	202,756	241,677
Intergovernmental payable	139	-	5,879	6,018
Total liabilities	<u>2,584</u>	<u>38,921</u>	<u>208,635</u>	<u>250,140</u>
<b>Fund balances:</b>				
Restricted	-	102,792	4,911,803	5,014,595
Unassigned	<u>78,613</u>	<u>-</u>	<u>-</u>	<u>78,613</u>
Total fund balance	<u>78,613</u>	<u>102,792</u>	<u>4,911,803</u>	<u>5,093,208</u>
Total liabilities and fund balance	<u>\$ 81,197</u>	<u>\$ 141,713</u>	<u>\$ 5,120,438</u>	<u>\$ 5,343,348</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**  
**(A Component Unit of Licking County)**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO**  
**NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2017**

<b>Total governmental fund balances</b>	\$	5,093,208
 <i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,268,818
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(36,536)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
State Infrastructure Bank bonds payable	(4,745,000)	
Premium on State Infrastructure Bank bonds payable	(427,912)	
Loan payable	(250,000)	
Total	(5,422,912)	(5,422,912)
<b>Net position of governmental activities</b>	<b>\$</b>	<b>902,578</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**  
**(A Component Unit of Licking County)**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General</u>	<u>Jug Street Reconstruction</u>	<u>Harrison Road Bridge</u>	<u>Etna State Route 310 LIC-310-1.26</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Intergovernmental	\$ 66,667	\$ 26,303	\$ 198,843	\$ 1,366,088	\$ 1,657,901
Interest	6,280	-	-	28,134	34,414
Other	-	-	-	21,486	21,486
Total revenues	<u>72,947</u>	<u>26,303</u>	<u>198,843</u>	<u>1,415,708</u>	<u>1,713,801</u>
<b>Expenditures:</b>					
Current:					
General government	55,892	-	-	-	55,892
Transportation	-	134,250	-	3,174,496	3,308,746
Debt service:					
Principal retirement	-	26,303	189,327	-	215,630
Interest and fiscal charges	-	-	-	88,476	88,476
Bond and note issuance costs	-	-	-	109,384	109,384
Total expenditures	<u>55,892</u>	<u>160,553</u>	<u>189,327</u>	<u>3,372,356</u>	<u>3,778,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,055</u>	<u>(134,250)</u>	<u>9,516</u>	<u>(1,956,648)</u>	<u>(2,064,327)</u>
<b>Other financing sources (uses):</b>					
Bond proceeds	-	-	-	4,745,000	4,745,000
Premium on bonds	-	-	-	436,858	436,858
Transfers in	20,000	230,000	-	-	250,000
Transfers out	-	-	-	(250,000)	(250,000)
Total other financing sources (uses)	<u>20,000</u>	<u>230,000</u>	<u>-</u>	<u>4,931,858</u>	<u>5,181,858</u>
Net change in fund balances	37,055	95,750	9,516	2,975,210	3,117,531
Fund balance at beginning of year	41,558	7,042	(9,516)	1,936,593	1,975,677
<b>Fund balance at end of year</b>	<u>\$ 78,613</u>	<u>\$ 102,792</u>	<u>\$ -</u>	<u>\$ 4,911,803</u>	<u>\$ 5,093,208</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**  
**(A Component Unit of Licking 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, 2017**

<b>Net change in fund balances - total governmental funds</b>	\$	3,117,531
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures.		1,268,818
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental revenues		(218,140)
Proceeds of bonds are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		(4,745,000)
Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		215,630
Premiums on general obligation bonds are recognized as other financing sources in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		(436,858)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items contributed to more interest being reported in the statement of activities:		
Increase in accrued interest payable	(36,536)	
Amortization of bond premium	8,946	
Total	(27,590)	
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>(825,609)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

**NOTE 1 - DESCRIPTION OF THE DISTRICT**

The Licking County Transportation Improvement District (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 created pursuant to Chapter 5540 of the Ohio Revised Code, as amended. The District was created by action of the Board of Trustees on May 13, 2015.

The District is governed by a Board of Trustees that acts as the authoritative and legislative body. The Board is comprised of five voting members with each Board member serving a term of two years and there are no term limits for reappointment. The Board members are appointed by the Licking County Commissioners. None of the Board members receive compensation for serving on the Board.

District Officers consist of a Chairman, Vice-Chairman and Secretary-Treasurer, who are elected annually from its members. The Chairman, Vice-Chairman and Secretary-Treasurer serve at the pleasure of the Board and are subject to removal by an affirmative vote of the majority of the Board at any time. The Chairman’s responsibilities are to preside at all meetings of the Board and be the Chief Officer of the District. The Secretary-Treasurer serves as the fiscal officer of the District.

The District’s management believes the financial statements included in this report represent all activities over which the District is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The most significant of the District’s accounting policies are described below.

**A. Reporting Entity**

For financial reporting purposes, the District’s basic financial statements include all funds, agencies, boards, commissions, and departments for which the District is financially accountable. Financial accountability, as defined by the GASB, exists if the District appoints a voting majority of an organization’s Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the District.



**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The District may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the District. The District also took into consideration other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. The District has no component units. The District is a component unit of Licking County.

**B. Basis of Presentation - Fund Accounting**

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 of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. 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 limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental functions are self-financing or draw from the general revenues of the District.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The District did not report nonmajor funds.

**C. Fund Accounting**

The District uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific revenues and expenses. The transactions of each fund are reflected in a self-balancing group of accounts.

The District classifies each fund as either governmental, proprietary or fiduciary. The District does not have proprietary or fiduciary funds.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***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 fund assets and liabilities and deferred inflows of resources are reported as fund balance. The following are the District's major governmental funds:

*General fund* - This fund is used to account for and report all financial resources of the District 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.

*Jug Street Reconstruction fund* - This capital projects fund received loan proceeds from the Licking County Commissioners and also grants from the State of Ohio related to Jug Street Improvements in western Licking County.

*Harrison Road Bridge fund* - This capital projects fund received loan proceeds from the City of New Albany and grant proceeds from the State of Ohio related to bridge improvements in western Licking County.

*Etna State Route 310 LIC-310-1.26 fund* - This capital projects fund received grant proceeds from Etna Township, Etna Community Improvement Corporation, State of Ohio and also loan proceeds from the Licking County Commissioners for purposes of expanding a portion of State Route 310 from 2 to 5 lanes.

**D. Measurement Focus and Basis of Accounting**

***Government-wide Financial Statements*** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position.

***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 financial statements for governmental funds.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. 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 modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the 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 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 a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net 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. For the District, there are no items reported as deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report 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, there are no items reported as deferred inflows of resources.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**F. Cash and Cash Equivalents**

Cash balances of the District's funds are pooled and invested in investments in order to provide improved cash management. Individual fund integrity is maintained through District records. Each fund's interest in the pooled bank accounts is presented as "equity in pooled cash" on the financial statements.

During 2017, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to statutory requirements or District financial policies. Interest revenue earned and credited to the General fund during 2017 amounted to \$6,280.

An analysis of the District's investment account at year end is provided in Note 3.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. Capital Assets**

Capital assets which are required to be maintained by the District, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life threshold in excess of three years. Donated capital assets are recorded at fair market value at the date received.

General capital asset values were determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed.

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Machinery and equipment	3-15 years
Buildings and improvements	30-50 years
Infrastructure	7-100 years

**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. However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and loans are recognized as a liability on the governmental fund financial statements when due.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**I. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**J. 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 the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Trustees (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance) 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 use in satisfying those contractual requirements.

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 nor 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 policies of the Board of Trustees, which includes giving the Secretary/Treasurer the authority to constrain monies for intended purposes.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Unassigned* - Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**K. Estimates**

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

**L. Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the 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 purposes for which both restricted and unrestricted net position is available.

**M. Prepayments**

Payments made to vendors for services that will benefit beyond December 31, 2017 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which it was consumed. The District did not report prepaid items at December 31, 2017.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2017.

**NOTE 3 - DEPOSITS**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the District has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;



**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 3 - DEPOSITS - (Continued)**

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2, above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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 Secretary/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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Secretary/Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Deposits with Financial Institutions**

At December 31, 2017, the carrying amount of all District's deposits was \$650,950. As of December 31, 2017, \$400,950 of the District's bank balance of \$650,950 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

**NOTE 3 - DEPOSITS - (Continued)**

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**Investments**

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	Investment Maturities	<u>S&amp;P Rating</u>
		<u>Less than 12 Months</u>	
Net Asset Value Per Share: STAR Ohio	\$ 4,435,393	\$ 4,435,393	AAAm

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 4 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2017, consisted of the following, as reported on the fund financial statements:

<u>Transfers from the Etna State Route 310 Fund to:</u>	
General Fund	\$ 20,000
Jug Street Reconstruction Fund	<u>230,000</u>
Total transfers	<u><u>\$ 250,000</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The Licking County Commissioners authorized, upon resolution, that the outstanding loan payable be converted to a transfer from the Etna State Route 310 Fund to the General Fund and Jug Street Reconstruction Fund. The District's Board of Trustees authorized this transfer upon receipt of the resolution.

**NOTE 5 - RECEIVABLES**

Receivables at December 31, 2017 consisted of intergovernmental receivables (presented as due from other governments) arising from grants and entitlements. Receivables have been recorded to the extent that they are measurable at December 31, 2017. All receivables are expected to be collected within the subsequent year.

**NOTE 6 - CAPITAL ASSETS**

Governmental activities capital asset activity for the year ended December 31, 2017, was as follows:

<u>Governmental activities:</u>	Balance <u>12/31/16</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/17</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ -	\$ 1,161,858	\$ -	\$ 1,161,858
Construction in progress	<u>-</u>	<u>106,960</u>	<u>-</u>	<u>106,960</u>
Total capital assets	<u><u>\$ -</u></u>	<u><u>\$ 1,268,818</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,268,818</u></u>

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 7 - LONG-TERM OBLIGATIONS**

Changes in the District's long-term obligations were as follows:

	Balance at			Balance at	Amounts
	<u>12/31/2016</u>	<u>Issued</u>	<u>Retired</u>	<u>12/31/2017</u>	<u>Due in</u>
					<u>One Year</u>
Jug Street Reconstruction Loan	\$ 26,303	\$ -	\$ (26,303)	\$ -	\$ -
Harrison Road Bridge Loan	189,327	-	(189,327)	-	-
Etna State Route 310 LIC-1.26 Loan	250,000	-	-	250,000	250,000
State Infrastructure Bank Bonds, Series 2017	-	4,745,000	-	4,745,000	130,000
Etna State Route 310 SIB Bonds - Premium	<u>-</u>	<u>436,858</u>	<u>(8,946)</u>	<u>427,912</u>	<u>-</u>
Total Loans Payable	<u>\$ 465,630</u>	<u>\$ 5,181,858</u>	<u>\$ (224,576)</u>	<u>\$ 5,422,912</u>	<u>\$ 380,000</u>

The Etna State Route 310 LIC-1.26 loan was secured from the Licking County Commissioners and will be repaid during 2018.

The Treasurer of State of Ohio, through the State Transportation Infrastructure GRF Bond Fund Program, issued State of Ohio Transportation Project Revenue Bonds, Series 2017-1 in order to provide moneys to be loaned pursuant to Sections 5531.09 and 5531.10 of the Ohio Revised Code to the District for the purpose of financing street improvements, which include the acquisition, construction, equipping, and installation of road improvements, right-of-way purchases and issuance costs associated with the widening of State Route 310 from Interstate 70 to U.S. 40 (the "Project"); to pay capitalized interest during construction of the Project; and to pay the costs of issuance of the bonds.

The State Infrastructure Bank bonds issued totaled \$4,745,000 at an interest rate of 3.5% and are collateralized by income tax collections within the Etna Township Joint Economic Development Zone No. 1 and Joint Economic Development Zone No. 2. These revenues are then distributed to Licking County, Etna Township, the Southwest Licking Local School District and Etna Township Joint Economic Development Zone No. 2 Board which a portion of these revenues must be used to pay principal and interest associated with the State Infrastructure Bank bonds.

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

**NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)**

Principal and interest requirements to retire the bonds are as follows:

Year Ending <u>December 31,</u>	State Infrastructure Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 130,000	\$ 195,462	\$ 325,462
2019	130,000	192,862	322,862
2020	140,000	190,038	330,038
2021	140,000	186,362	326,362
2022	145,000	182,162	327,162
2023-2027	825,000	816,635	1,641,635
2028-2032	1,055,000	509,435	1,564,435
2033-2037	1,120,000	321,340	1,441,340
2038-2041	1,060,000	88,276	1,148,276
Total	\$ 4,745,000	\$ 2,682,572	\$ 7,427,572

**NOTE 8 - INTERGOVERNMENTAL AGREEMENTS**

The Licking County Commissioners, Licking County Engineers Office and the Heath-Newark Licking County Port Authority have committed to provide funding to the District to facilitate the development and implementation of the District's projects. For 2017, the Licking County Commissioners, Heath-Newark-Licking County Port Authority and the Licking County Engineer each contributed \$20,000 to the District. In addition, the Heath-Newark-Port Authority provided in-kind services to the District totaling \$26,667.

**NOTE 9 - RISK MANAGEMENT**

The District has not obtained commercial insurance based on limited exposure to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

**NOTE 10 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at December 31, 2017.

**B. Litigation**

The District is currently not involved in pending litigation at year-end.

**NOTE 11 - CONTRACTUAL COMMITMENTS**

The District had the following significant contractual commitments at December 31, 2017:

<u>Contractor</u>	<u>Contractual Commitment</u>	<u>Amount Paid 12/31/17</u>	<u>Remaining Contractual Commitment</u>
O.R. Colan & Associates	\$81,950	\$39,842	\$42,108
2LMN	216,304	94,740	121,564
Civica CMI	27,193	13,837	13,356
Complete General Construction	3,301,803	674,387	2,627,416
CTL Engineering	408,030	88,813	319,217

**NOTE 12 - RELATED PARTY TRANSACTIONS**

The District received a loan from the Licking County Commissioners totaling \$250,000 to provide funds for the Etna State Route 310 LIC-1.26 projects. This loan will be repaid from grant funding received for the project. As of December 31, 2017, loans payable to the Licking County Commissioners totaled \$250,000.

The Heath-Newark-Licking County Port Authority paid engineering services on behalf of the District totaling \$26,667 during 2017. These in-kind services are recorded in the basic financial statements. See Note 13 for more information regarding a loan issued to the District.

**LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO**  
**(A Component Unit of Licking County)**

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

**NOTE 13 - SUBSEQUENT EVENTS**

The Heath-Newark-Licking County Port Authority provided a loan to the District for purposes of advancing the Thornwood Drive Railroad Crossing project slated to begin in 2018. The loan was issued for \$200,000 at an interest rate of 0%. Repayment of the loan is required when other funding sources are received by the District.

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Licking County Transportation Improvement District  
Licking County  
20 South 2<sup>nd</sup> Street  
Newark, Ohio 43055

To the Board of Trustees:

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 Licking County Transportation Improvement District, Licking County, Ohio, a component unit of Licking County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Licking County Transportation Improvement District's basic financial statements and have issued our report thereon dated June 7, 2018.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Licking County Transportation Improvement 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Licking County Transportation Improvement 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 Licking County Transportation Improvement 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.

Board of Trustees  
Licking County Transportation Improvement District

***Compliance and Other Matters***

As part of reasonably assuring whether the Licking County Transportation Improvement 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 Licking County Transportation Improvement District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Licking County Transportation Improvement District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.  
June 7, 2018



# Dave Yost • Auditor of State

LICKING COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

LICKING COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 26, 2018