



Dave Yost • Auditor of State

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Transportation Improvement District
Belmont County
P.O. Box 537
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 year ended December 31, 2014, 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, 2014, 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 9, 2015, 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

June 9, 2015

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2014

The 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 fiscal year ended December 31, 2014. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- ✓ Program revenues accounted for \$1,976,727 or 100% of total revenues.
- ✓ Total expenses were \$76,958, all within governmental activities.

Using this Annual Financial Report

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2014 and how they affected the operations of the District as a whole.

Reporting of the Transportation Improvement District as a Whole

Statement of Net Position and the Statement of 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's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds.

A question typically asked about the District's finances is, "How did we do financially during fiscal 2014?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net 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*, all the District's programs and services are reported as governmental activities, including general government and public works.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2014

Reporting the Transportation Improvement District's Most Significant Funds

Fund Financial Statements

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

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

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

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for 2014:

Table 1 - Net Position

	Governmental Activities		
	2014	2013	Change
Assets			
Current and Other Assets	\$1,995,714	\$93,268	\$1,902,446
Total Assets	1,995,714	93,268	\$1,902,446
Liabilities			
Other Liabilities	10,028	7,351	\$2,677
Total Liabilities	10,028	7,351	\$2,677
Net Position			
Restricted	1,896,228		\$1,896,228
Unrestricted	89,458	85,917	\$3,541
Total Net Position	\$1,985,686	\$85,917	\$1,899,769

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2014

The District as a Whole (Continued)

Total assets increased by \$1,902,446 and total liabilities increased by \$2,677. The increase in assets is due to the contribution of \$1,900,000 from Belmont County as a local share of funding toward the District's capital project.

Table 2 shows the changes in net position for fiscal year 2014. Total revenues increased by \$1,987,170 and total expenses decreased by \$6,146. This is mainly due to the contribution from Belmont County toward the District's capital project. Construction for the project is expected to begin and be completed during 2015.

**Table 2
Changes in Net Position**

	Governmental Activities		
Revenues	2014	2013	Change
Program Revenues			
Capital Grants and Contributions	\$ 1,976,727	\$ 79,557	\$ 1,897,170
	1,976,727	79,557	1,897,170
 Program Expenses			
General Government	6		6
Public Works	76,952	83,104	(6,152)
Total Expenses	76,958	83,104	(6,146)
<i>Change in Net Position</i>	1,899,769	(3,547)	1,903,316
Net Position Beginning of Year	85,917	89,464	(3,547)
Net Position End of Year	\$1,985,686	\$85,917	\$ 1,899,769

Governmental Activities

The program revenues for the governmental activities come from several different sources, the most significant being grants from the State of Ohio and a contribution from Belmont County.

There were no general revenues in 2014.

The Transportation Improvement District Funds

The District's governmental funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$1,964,892 and expenditures of \$76,958.

Contacting the District's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dennis Bigler, Chairman of the Transportation Improvement District, P.O. Box 537, St. Clairsville, Ohio 43950. E-mail dops@stclairsville.com.

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TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY
Statement of Net Position
December 31, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,976,528
Intergovernmental Receivable	19,186
Total Assets	<u>1,995,714</u>
Liabilities	
Contracts Payable	<u>10,028</u>
Total Liabilities	<u>10,028</u>
Net Position	
Restricted	1,896,228
Unrestricted	<u>89,458</u>
Total Net Position	<u><u>\$ 1,985,686</u></u>

See accompanying notes to the basic financial statements.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**
Statement of Activities
for the Year Ended December 31, 2014

	<u>Expenses</u>	<u>Program Revenues Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
			<u>Governmental Activities</u>
Governmental Activities			
Current:			
General Government	\$ 6	\$	\$ (6)
Public Works	<u>76,952</u>	<u>1,976,727</u>	<u>1,899,775</u>
Total Governmental Activities	<u>\$ 76,958</u>	<u>\$ 1,976,727</u>	<u>1,899,769</u>
Change in Net Position			1,899,769
Net Position Beginning of Year			<u>85,917</u>
Net Position End of Year			<u>\$ 1,985,686</u>

See accompanying notes to the basic financial statements.

TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY
Balance Sheet
December 31, 2014

	General	Roadwork Development Grant	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 89,458	\$ 1,887,070	\$ 1,976,528
Intergovernmental Receivable		19,186	19,186
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 89,458</u>	<u>\$ 1,906,256</u>	<u>\$ 1,995,714</u>
Liabilities			
Contracts Payable	\$	\$ 10,028	\$ 10,028
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>0</u>	<u>10,028</u>	<u>10,028</u>
Deferred Inflows of Resources			
Unavailable Revenue		19,186	19,186
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>0</u>	<u>19,186</u>	<u>19,186</u>
Fund Balances			
Restricted for:			
Capital Projects		1,877,042	1,877,042
Unassigned	89,458		89,458
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>89,458</u>	<u>1,877,042</u>	<u>1,966,500</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances			
	<u>\$ 89,458</u>	<u>\$ 1,906,256</u>	<u>\$ 1,995,714</u>

See accompanying notes to the basic financial statements.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**
Reconciliation of Total Governmental Fund Balances to
Net Position Governmental Activities
December 31, 2014

Total Governmental Fund Balances	\$ 1,966,500
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**Amounts reported for governmental activities in the
statement of net position are different because:**

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.	<u>19,186</u>
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Net Position of Governmental Activities	<u><u>\$ 1,985,686</u></u>
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See accompanying notes to the basic financial statements.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

Statement of Revenues, Expenditures and Changes in Fund Balances
for the Year Ended December 31, 2014

	<u>General</u>	<u>Roadwork Development Grant</u>	<u>Total Governmental Funds</u>
Revenues:			
Intergovernmental	<u>\$</u>	<u>\$ 1,964,892</u>	<u>\$ 1,964,892</u>
Total Revenues	<u>0</u>	<u>1,964,892</u>	<u>1,964,892</u>
Expenditures:			
Current:			
General Government	6		6
Public Works		<u>76,952</u>	<u>76,952</u>
Total Expenditures	<u>6</u>	<u>76,952</u>	<u>76,958</u>
Net Change in Fund Balances	(6)	1,887,940	1,887,934
Fund Balance (Deficit) at Beginning of Year	<u>89,464</u>	<u>(10,898)</u>	<u>78,566</u>
Fund Balance (Deficit) at End of Year	<u><u>\$ 89,458</u></u>	<u><u>\$ 1,877,042</u></u>	<u><u>\$ 1,966,500</u></u>

See accompanying notes to the basic financial statements.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
for the Year Ended December 31, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ 1,887,934
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**Amounts reported for governmental activities in the
statement of activities are different because:**

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:	19,186
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Revenues deferred in the funds and recorded on the statement of activities in the prior year, are reported as revenues in the funds during the current year	<u>(7,351)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 1,899,769</u></u>
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See accompanying notes to the basic financial statements.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

NOTE 1 - REPORTING 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**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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 2014 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**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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. The District had no deferred outflows of resources for 2014.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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. At December 31, 2014, accrued liabilities consist of contracts payable.

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:

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (Continued)

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.

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 represents the difference between all other elements in a statement of financial position. Net Position is reported as restricted when there are limitations imposed on their use either through constitutional provision, enabling legislation, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Net Position (Continued)

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

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);

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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;
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, \$1,726,528 of the District's bank balance of \$1,976,528 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 - RECEIVABLES

Receivables at December 31, 2014 consisted of intergovernmental receivable from the Ohio Department of Development for \$19,186. All receivables are considered collectible in full due to the grant being reimbursable.

NOTE 5 - RISK MANAGEMENT

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

**TRANSPORTATION IMPROVEMENT DISTRICT
BELMONT COUNTY**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

NOTE 6 - RELATED PARTY TRANSACTION

The District received \$1,900,000 from Belmont County Commissioners in 2014 to be used as the local contribution towards the I70/Mall Road Connector Project.

NOTE 7 – SUBSEQUENT EVENTS

Land Acquisition – On February 5, 2015, the District purchased 0.597 acres of land for \$235,140 for the I70/Mall Road Connector Project.

Construction Commitments – On March 25, 2015, the District entered into a contractual agreement with The Beaver Excavating Company in the amount of \$1,620,478.41 for the I70/Mall Road Connector Project. Also, on April 20, 2015, the District entered into a contractual agreement with Street Construction and Engineering Surveying to provide engineering services in the amount of \$103,430 for the work on the I70/Mall Road Connector Project.

Grants – On February 2, 2015, a \$225,000 a State Appalachian grant was awarded to the City of St. Clairsville. The grant will pass through the City of St. Clairsville to the District to be used for the installation of 1,200 linear feet of roadway as part of the I70/Mall Road Connector Project.



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
P.O. Box 537
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 year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 9, 2015.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

June 9, 2015



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
JUNE 25, 2015**