



**Auditor of State
Betty Montgomery**

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To Members of the Board:

We have audited the accompanying general purpose financial statements of the Transportation Improvement District, Muskingum County, Ohio (the District), a component unit of Muskingum County, as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Improvement District, Muskingum County, as of December 31, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 3, 2003

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**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

**COMBINED BALANCE SHEET
ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUP
DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>General Long-Term Obligations</u>	
ASSETS AND OTHER DEBITS					
Assets:					
Cash and Cash Equivalents	\$43,416	\$	\$746,852	\$	\$790,268
Receivables:					
Contracts		11,125,288			11,125,288
Loan			143,455		143,455
Intergovernmental			9,507		9,507
Other Debits:					
Amount to be Provided from General Governmental Resources				11,125,288	11,125,288
Total Assets and Other Debits	<u>43,416</u>	<u>11,125,288</u>	<u>899,814</u>	<u>11,125,288</u>	<u>23,193,806</u>
LIABILITIES, FUND EQUITY, AND OTHER CREDITS					
Liabilities:					
Contracts Payable	10,175		232,832		243,007
Deferred Revenue		11,125,288			11,125,288
Loans Payable				11,125,288	11,125,288
Due to Primary Government			870,000		870,000
Total Liabilities	<u>10,175</u>	<u>11,125,288</u>	<u>1,102,832</u>	<u>11,125,288</u>	<u>23,363,583</u>
Fund Equity:					
Fund Balance:					
Unreserved, Undesignated	33,241		(203,018)		(169,777)
Total Fund Equity	<u>33,241</u>		<u>(203,018)</u>		<u>(169,777)</u>
Total Liabilities and Fund Equity	<u>\$43,416</u>	<u>\$11,125,288</u>	<u>\$899,814</u>	<u>\$11,125,288</u>	<u>\$23,193,806</u>

The notes to the financial statements are an integral part of this statement.

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Revenue:				
Intergovernmental	\$	\$396,767	\$104,940	\$501,707
Interest	7,712			7,712
Total Revenues	<u>7,712</u>	<u>396,767</u>	<u>104,940</u>	<u>509,419</u>
Expenditures:				
Current:				
General Government	27,159		1,352	28,511
Capital Outlay			2,823,563	2,823,563
Debt Service:				
Principal Retirement		186,115		186,115
Interest and Fiscal Charges		210,652	202,065	412,717
Total Expenditures	<u>27,159</u>	<u>396,767</u>	<u>3,026,980</u>	<u>3,450,906</u>
Excess of Revenues Over(Under) Expenditures	(19,447)		(2,922,040)	(2,941,487)
Other Financing Sources (Uses):				
Proceeds of Loan			2,704,988	2,704,988
Total Other Financing Sources(Uses)			<u>2,704,988</u>	<u>2,704,988</u>
Excess of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses	<u>(19,447)</u>		<u>(217,052)</u>	<u>(236,499)</u>
Fund Balance at Beginning of Year	52,688		14,034	66,722
Fund Balances at End of Year	<u><u>\$33,241</u></u>	<u><u>\$0</u></u>	<u><u>(\$203,018)</u></u>	<u><u>(\$169,777)</u></u>

The notes to the financial statements are an integral part of this statement.

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. REPORTING ENTITY

The Transportation Improvement District, Muskingum County (the District), is a body politic and corporate, created for the purpose of financing, constructing, maintaining, repairing, and operating selected transportation projects. The District was specifically formed under the auspices of House Bill 154, and Ohio Revised Code Chapter 5540, as amended, and created by action of the Board of County Commissioners of Muskingum County on November 20, 1995.

The District is governed by a Board of Directors that acts as the authoritative and legislative body of the entity. The Board is comprised of seven members, with five members appointed by a majority vote of the Board of Commissioners of Muskingum County. One ex-officio member is appointed by the President of the Ohio Senate and one ex-officio member is appointed by the Speaker of the 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 presented as a discretely presented component unit in Muskingum County's December 31, 2002 Comprehensive Annual Financial Report, as defined by the provisions of GASB Statement No.14. Also, the Zanesville-Muskingum County Port Authority serves as the Administrative Agent for the Muskingum County Transportation Improvement District. The District's management believes these financial statements represent all activities for which the District is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Transportation Improvement 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 - Fund Accounting

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund category governmental.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The following are the District's governmental fund types:

1. General Fund

The general fund is the operating fund of the District and is used to account 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 and the bylaws of the District.

2. Debt Service Fund

This fund is used to account for the accumulation of financial resources for, and the payment of, general long term debt principal, interest and related costs.

3. Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Northpointe Drive Fund – This fund receives State Infrastructure Bank loan proceeds for the Northpointe Drive project.

State Route 93/22 Fund - This fund receives grant monies for the State Route 93/22 project.

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

Account Group

To make a clear distinction between long-term liabilities related to specific funds and those of a general nature, the following account group is used:

General Long-Term Obligations Account Group – The General Long-Term Obligations Account Group is used to account for all long-term debt of the District.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental funds.

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 year-end.

Revenue from grants 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 a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting(Continued)

Under the modified accrual basis, grants revenue source is considered to be both measurable and available at fiscal year-end.

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.

C. 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 "Cash and Cash Equivalents" on the combined balance sheet.

The General Fund is the only fund allocated interest earnings from the repurchase agreement.

D. Proceeds of Loan

Proceeds of loan revenues, which are awarded on a reimbursement basis, are recorded as receivables and revenues when qualifying expenditures are incurred.

3. PRIOR PERIOD RESTATEMENT

Based upon information provided by the State Infrastructure Bank during 2002, \$262,055 of fees and interest charges related to, and financed by, the State Infrastructure Bank Loan prior to January 1, 2002, were not recorded by the District.

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

3. PRIOR PERIOD RESTATEMENT (Continued)

As a result, the following restatement was necessary:

Fund/Account Group	Account	Balance January 1, 2002	Restated Balance January 1, 2002
Debt Service Fund	Contracts Receivable	\$8,344,360	\$8,606,415
Debt Service Fund	Deferred Revenue	\$8,344,360	\$8,606,415
General Long Term Obligations Account Group	Amount to be Provided from General Governmental Resources	\$8,344,360	\$8,606,415
General Long Term Obligations Account Group	Loans Payable	\$8,344,360	\$8,606,415

This restatement had no effect on fund equity.

4. ACCOUNTABILITY

At December 31, 2002, the Northpointe Drive Fund had a deficit fund balance in the amount of \$203,018. This deficit resulted from the recognition of accrued liabilities in accordance with generally accepted accounting principles.

5. DEPOSITS AND INVESTMENTS

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 the District has identified as not required for use within the current two year period of designated 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 saving or deposit accounts including, but not limited to, passbook, accounts.

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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 deposit or by savings accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or collateralized by the financial institution's public entity deposit pool.

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;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that instruments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);

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 clerk or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits - At year end, the carrying amount of the District's deposits was \$790,268 and the bank balance was \$844,212. Of the bank balance:

1. \$100,000 was covered by federal depository insurance;
2. \$744,212 was covered by securities held by the financial institution's trust department in the name of the District.

6. RECEIVABLES

Receivables at December 31, 2002, consisted of loan draw downs, contract, and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State Loan programs, the current fiscal year guarantee of federal funds, and the executed contracts with the Muskingum County Commissioners.

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

6. RECEIVABLES (Continued)

A summary of the principal items of intergovernmental, contracts and loan receivables follows:

Capital Project Funds:	
Loan Receivable	\$143,455
Intergovernmental Receivable	9,507
Total Capital Project Funds	152,962
Debt Service Fund:	
Contract Receivable	11,125,288
Total All Funds	\$11,278,250

7. LONG-TERM OBLIGATIONS AND NOTES PAYABLE

The District entered into a loan agreement with the Ohio Department of Transportation where the District is to receive up to \$11,060,000 of loan proceeds, plus the refinancing of accumulated interest in the amount of \$404,129, to be repaid over 20 years. As collateral for the loan, the State Infrastructure Bank has received an assignment of all use payments from Muskingum County and an assignment of Tax Increment Financing from the Longaberger Company. Loans payable recorded in the General Long Term Obligations Account Group include \$143,455 of capital outlay expenditures eligible to be drawn down from the loan as of December 31, 2002.

The changes in the District's long-term obligations during fiscal year 2002 were as follows:

	Restated Balance Outstanding January 1, 2002	Additions 2002	Retired 2002	Balance Outstanding December 31, 2002
Ohio Department of Transportation - State Infrastructure Loan	\$8,606,415	\$2,561,533	\$186,115	\$10,981,833
Additional Loan Proceeds Receivable				143,455
Total Loans Payable				\$11,125,288

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

7. LONG-TERM OBLIGATIONS AND NOTES PAYABLE (Continued)

The debt service requirements to maturity may be adjusted in the future to reflect additional draw downs on the loan. Based on the terms of the loan and the amounts received as of December 31, 2002, the anticipated annual debt service requirements to maturity, are as follows:

Year Ending	Principal	Interest and Fiscal Charges	Total
2003	\$444,611	\$450,376	\$894,987
2004	451,907	443,081	894,988
2005	471,317	423,671	894,988
2006	491,561	403,427	894,988
2007	512,674	382,314	894,988
2008 to 2012	2,913,207	1,561,731	4,474,938
2013 to 2017	3,594,943	879,994	4,474,937
2018 to 2020	2,101,613	135,856	2,237,469
TOTAL	\$10,981,833	\$4,680,450	\$15,662,283

8. CURRENT PROJECT

The Northpointe Drive project is located between the City of Zanesville and the Village of Dresden. This roadway will begin on the southern end at Richvale Road and extend north to intersect with State Route 60 at Dresden. The project will be built as a continuous route in a two-lane configuration; however, enough right of way will be purchased to potentially accommodate a future four lane divided highway. During 2002, the Transportation Improvement District incurred construction fees and related costs for this project. As more fully explained in note 10, Muskingum County advanced funds to the District to provide interim funding for this project, a portion of which was repaid during 2000.

An agreement between the State of Ohio, Department of Transportation (ODOT), and the Muskingum County Transportation Improvement District ("District") was entered into on December 23, 1998. The agreement is for financing the construction of Northpointe Drive Extension located between the City of Zanesville and the Village of Dresden. The proposed terms call for a loan amount of \$11,060,000, plus the refinancing of projected accumulated interest in the amount of \$404,129, to be repaid over 20 years, which coincide with the terms of the cooperative agreement between Muskingum County, the District, and ODOT. As collateral for the loan, the State Infrastructure Bank has received an assignment of all use payments from Muskingum County and an assignment of Tax Increment Financing from the Longaberger Company. As of December 31, 2002, the District had drawn down \$11,167,948 of \$11,464,129 total authorized.

**TRANSPORTATION IMPROVEMENT DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

9. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- General liability; and
- Vehicles.

10. INTERGOVERNMENTAL LOAN

In the 1999, Muskingum County advanced the District \$1,620,000 in funding for the Northpointe Drive Extension Project. The District repaid \$750,000 of the loan on July 27, 2000 with proceeds from the State Infrastructure Bank loan. Management intends to repay the remainder with proceeds from the loan.

11. RELATED PARTY TRANSACTION

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

12. SUBSEQUENT EVENT

In March of 2003, the District obtained approval for an additional State Infrastructure Loan to finance design revisions and completion of the Northpointe Drive Project. The proposed terms call for a loan amount of \$4,010,000, plus the refinancing of projected accumulated interest, to be repaid over 12 years. As collateral for the loan, the State Infrastructure Bank has received an assignment of all use payments from Muskingum County and an assignment of Tax Increment Financing from the Longaberger Company.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To Members of the Board:

We have audited the accompanying financial statements of the Transportation Improvement District, Muskingum County, Ohio (the District), a component unit of Muskingum County, as of and for the years ended December 31, 2002, and have issued our report thereon dated June 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated June 3, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter date June 3, 2003.

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Transportation Improvement District
Muskingum County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management and the Board, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 3, 2003



**Auditor of State
Betty Montgomery**

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TRANSPORTATION IMPROVEMENT DISTRICT

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 29, 2003**