



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SENECA COUNTY TRANSPORTATION IMPROVEMENT DISTRICT  
SENECA COUNTY  
DECEMBER 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

Seneca County Transportation Improvement District  
Seneca County  
109 South Washington, Suite #2206  
Tiffin, Ohio 44883-2841

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 Seneca County Transportation Improvement District, Seneca County, Ohio (the District), a component unit of Seneca County, as of and for the year ended December 31, 2018, 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 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.

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Efficient • Effective • Transparent

**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 the major funds of Seneca County Transportation Improvement District, Seneca County, Ohio, as of December 31, 2018, 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 September 11, 2019, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

September 11, 2019

**SENECA COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**  
**SENECA COUNTY**  
**(A Component Unit of Seneca County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)

The management's discussion and analysis of the Seneca 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, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2018 are as follows:

- The total net position reported by the District was \$4,999.
- Program specific revenues accounted for \$822,264 and there were no general revenues for 2018.
- The District had \$817,265 in expenses related to governmental activities. These expenses were offset by program specific revenues (capital grants and contributions) of \$822,264.
- The District major governmental funds are the General fund and the Fair Lane Extension Grant fund. The General fund had revenues of \$5,000 and expenditures of \$1 during 2018. The General fund's fund balance at year end was \$4,999.
- The Fair Lane Extension Grant fund had revenues of \$817,264 and expenditures of \$817,264 during 2018.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District'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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)  
(Continued)

Governmental activities – The District's programs and services are reported here. These services are funded by intergovernmental revenues and contributions and donations.

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

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains two governmental funds, the General fund and Fair Lane Extension Grant fund.

Fund financial statements provide detailed information about the District's major funds. The District uses two funds to account for a multitude of financial transactions.

***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 fiscal 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.

The District's maintains a General fund and the Fair Lane Extension Grant fund.

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

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Government-Wide Financial Analysis**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at December 31, 2018. Since this is the first year the District has had activity and prepared GAAP basis financial statements, comparison with prior year is not available. A comparative analysis will be provided in future years when prior year information is available.



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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)  
(Continued)

	<u>Governmental Activities December 31, 2018</u>
<b>Net Position</b>	
<u>Assets</u>	
Current and other assets	\$ <u>65,277</u>
<u>Liabilities</u>	
Current liabilities	<u>60,278</u>
<u>Net Position</u>	
Unrestricted	<u><u>\$ 4,999</u></u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the District assets exceeded liabilities by \$4,999.

The table below provides a summary of the District changes in net position for 2018. Since this is the first year the District has had activity and prepared GAAP basis financial statements, comparison with prior year is not available. A comparative analysis will be provided in future years when prior year information is available.

	<u>Governmental Activities 2018</u>
<b>Change in Net Position</b>	
Revenues:	
Program revenues:	
Capital grants and contributions	\$ <u>822,264</u>
Program expenses:	
General government	1
Public works	<u>817,264</u>
Total program expenses	<u>817,265</u>
Change in net position	4,999
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ 4,999</u></u>

The District is currently primarily funded by contributions from Seneca County and State grants. During 2018, the District received \$5,000 and \$817,264 in contributions from Seneca County and the Ohio Department of Transportation, respectively.

The most significant program expenses for the District are related to public works. These expenses totaled \$817,264

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)  
(Continued)

during the year.

The statement of activities shows the cost of program services and the grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018. That is, it identifies the cost of these services supported by general revenues.

	<b>Governmental Activities</b>	
	Total Cost of Services	Net Cost of Services
	<u>2018</u>	<u>2018</u>
<b>Program expenses:</b>		
General government	\$ 1	\$ 4,999
Public works	<u>817,264</u>	<u>-</u>
Total	<u>\$ 817,265</u>	<u>\$ 4,999</u>

**Governmental Funds**

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

The District governmental funds reported a combined fund balance of \$4,999. The table below indicates the fund balance as of December 31, 2018 for the governmental funds. Since this is the first year the District has had activity and prepared GAAP basis financial statements, comparison with prior year is not available. A comparative analysis will be provided in future years when prior year information is available.

	<u>Fund Balances</u> <u>December 31, 2018</u>
<b>Major funds:</b>	
General	\$ 4,999
Fair Lane Extension	<u>-</u>
Total	<u>\$ 4,999</u>

The General fund received \$5,000 from Seneca County and spent \$1 on administration fees.

The Fair Lane Extension Grant fund received revenue of \$817,264 from ODOT during the year and incurred \$817,264 in expenditures.

**Capital Assets**

As of December 31, 2018, the District does not have any capital assets.

**Debt Administration**

As of December 31, 2018, the District does not have any debt.

**SENECA COUNTY TRANSPORTATION IMPROVEMENT DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)  
(Continued)**

**Economic Conditions and Current Issues**

The year ended December 31, 2018 was the District's first year of operations. The Transportation Improvement District was established to improve the transportation system in Seneca County in order to contribute to the creation or preservation of jobs, employment opportunities, and improvement of economic welfare of the people within the area of the District.

The first project addressed by the District was the Fair Lane Extension, which the portion covered by the District was completed in 2018.

**Contacting the District Financial Management**

This financial report is designed to provide citizens, taxpayers, and investors and creditors with a general overview of the District finances and to show the District accountability for the money it receives. If you have questions about this report or need additional financial information, contact, Julie A. Adkins, Secretary/Treasurer, 109 South Washington Street, Suite 2206, Tiffin, Ohio 44883-2841.

**SENECA COUNTY TRANSPORTATION IMPROVEMENT DISTRICT  
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STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 4,999
Intergovernmental Receivable. . . . .	60,278
Total assets. . . . .	65,277
 <b>Liabilities:</b>	
Accounts payable. . . . .	60,278
 <b>Net position:</b>	
Unrestricted . . . . .	\$ 4,999

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**  
**SENECA COUNTY**  
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STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<b>Expenses</b>	<b>Program Revenues Capital Grants and Contributions</b>	<b>Net Revenue (Expense) and Changes in Net Position Governmental Activities</b>
<b>Governmental activities:</b>			
Current:			
General government . . . . .	\$ 1	\$ 5,000	\$ 4,999
Public works . . . . .	817,264	817,264	-
Total governmental activities . . . . .	\$ 817,265	\$ 822,264	4,999
Change in net position . . . . .			4,999
<b>Net position at beginning of year . . . . .</b>			<b>-</b>
<b>Net position at end of year . . . . .</b>			<b>\$ 4,999</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY TRANSPORTATION IMPROVEMENT DISTRICT  
SENECA COUNTY  
(A Component Unit of Seneca County)**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	<u>General</u>	<u>Fair Lane Extension Grant</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 4,999	\$ -	\$ 4,999
Intergovernmental Receivable. . . . .	-	60,278	60,278
<b>Total assets . . . . .</b>	<u>\$ 4,999</u>	<u>\$ 60,278</u>	<u>\$ 65,277</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ -	\$ 60,278	\$ 60,278
<b>Fund balances:</b>			
Unassigned . . . . .	4,999	-	4,999
<b>Total liabilities and fund balances . . . . .</b>	<u>\$ 4,999</u>	<u>\$ 60,278</u>	<u>\$ 65,277</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY TRANSPORTATION IMPROVEMENT DISTRICT  
SENECA COUNTY  
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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<b>General</b>	<b>Fair Lane Extension Grant</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Intergovernmental . . . . .	\$ -	\$ 817,264	\$ 817,264
Other . . . . .	5,000	-	5,000
Total revenues . . . . .	5,000	817,264	822,264
<b>Expenditures:</b>			
Current:			
General government . . . . .	1	-	1
Public works . . . . .	-	817,264	817,264
Total expenditures . . . . .	1	817,264	817,265
Net change in fund balances . . . . .	4,999	-	4,999
<b>Fund balances at beginning of year . . . . .</b>	-	-	-
<b>Fund balances at end of year . . . . .</b>	<b>\$ 4,999</b>	<b>\$ -</b>	<b>\$ 4,999</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**  
**SENECA COUNTY**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Seneca County Transportation Improvement District, Seneca County, Ohio (the District), is a body politic and corporate, created for the purpose to acquire, construct, enlarge, improve, equip, sell, lease, lease-purchase, exchange, or otherwise dispose of property, structures, and other facilities for 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 Seneca County Commissioners on October 25, 2017.

The District is governed by a Board of Trustees that acts as the authoritative and legislative body of the entity. The Board is comprised of seven members of whom five are voting and two are non-voting. Each Board member serves a term of one year and there are no term limits for reappointment. The five voting Board members are appointed by the Board of Seneca County Commissioners, one nonvoting member is appointed by the Speaker of the Ohio House of Representatives of the general assembly, and one nonvoting member is appointed by the President of the Senate of the general assembly.

The District is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organization Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus", the District's primary government and basic financial statements include component units which are defined as legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or impose its will over the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of organization. The District does not have any component units and does not include any organizations in its presentation. The District's management believes these basic financial statements present all activities for which the District is financially accountable. The District is a component unit of Seneca County, Ohio.

**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 governmental units. 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, except for the fiduciary funds. These statements usually distinguish between those activities of the District that are governmental and those that are business-type. The District, however, does not have any business-type activities or fiduciary funds.

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



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**SENECA COUNTY**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)

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. 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 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 2018 since all funds were considered as major.

**B. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. A fund is a separate 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 attaining certain objectives in accordance with special regulations, restrictions or limitations. For financial statement presentation purposes, the District's funds are classified as governmental.

**Governmental Funds** Governmental funds focus 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.

*Fair Lane Extension Grant Fund* - The Fair Lane Extension Grant fund is used to account for grant monies for the design, upgrade, and/or construction of public roadways in the vicinity of the fairgrounds.

**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the *economic resources* measurement focus. All assets, deferred outflows, all liabilities and all deferred inflows 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.

**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, current deferred outflows, current liabilities and current deferred inflows 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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)

explanations to better identify the relationship between the government- wide statements and the statements for governmental funds. At December 31, 2018, there were no differences 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 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. 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 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, intergovernmental revenue sources are considered to be both measurable and available at year-end.

**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.

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 could include intergovernmental receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. At December 31, 2018, the District did not have deferred outflows/inflows of resources.

**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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)

**E. Budgetary Process**

The District is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities. The District did not adopt an annual budget prior to the beginning of the year or approve appropriations and subsequent amendments during the year.

**F. Cash and Cash Equivalents**

The Seneca County Treasurer maintains a cash and investment pool used for all County and District funds. The District has no other cash deposits or investments and does not receive interest income on its cash balances held in the County Treasury.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, 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.

**G. Capital Assets**

The District has no capital assets.

**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. At December 31, 2018, payables consisted of accounts payable of \$60,278.

**I. Receivables**

At December 31, 2018, receivables consisted of an intergovernmental receivable of \$60,278 from the Ohio Department of Transportation.

**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 governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, assets held for resale and prepaid amounts.

*Restricted* - The restricted fund balance is used 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)

*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 (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 use in satisfying those contractual requirements.

*Assigned* - 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.

*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.

**K. Net Position**

The District applies restricted resources first when an 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. The District had no restricted net position at December 31, 2018.

**L. Estimates**

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

**M. 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. The District had no extraordinary or special items during 2018.

**NOTE 3 - RISK MANAGEMENT**

The District is covered under Seneca County's County Risk Sharing Authority (CORSA) insurance policy.

**NOTE 4 - CONTINGENCIES**

Federal and State contracts are subject to review and audit by the grantor agencies or their designees. Such audits could lead to requests for reimbursement to the grantor agency for expenses disallowed under terms of the grant. There are no such claims pending and no known situations which would lead to such a claim. In addition, based upon prior experience and audit results, management believes that such disallowances, if any, would be immaterial.

**SENECA COUNTY TRANSPORTATION IMPROVEMENT DISTRICT  
SENECA COUNTY  
(A Component Unit of Seneca County)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**NOTE 5 – OTHER REVENUE**

In 2018, General fund other receipts consisted of receiving \$5,000 in contributions from Seneca County.

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# OHIO AUDITOR OF STATE KEITH FABER



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Toledo, Ohio 43604-2246  
(419) 245-2811 or (800) 443-9276  
NorthwestRegion@ohioauditor.gov

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

Seneca County Transportation Improvement District  
Seneca County  
109 South Washington, Suite #2206  
Tiffin, Ohio 44883-2841

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 Seneca County Transportation Improvement District, Seneca County, Ohio (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 11, 2019.

### ***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 opinions 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

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Efficient • Effective • Transparent

Seneca County Transportation Improvement District  
Seneca County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

September 11, 2019



# OHIO AUDITOR OF STATE KEITH FABER



**SENECA COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**

**SENECA 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  
SEPTEMBER 24, 2019**