



Dave Yost • Auditor of State



**CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT  
CLERMONT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Clermont County Transportation Improvement District  
Clermont County  
2381 Clermont Center Drive  
Batavia, Ohio 45103

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clermont County Transportation Improvement District, Clermont County, Ohio (the District), a component unit of Clermont County, as of and for the year ended December 31, 2012, 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, each major fund, and the aggregate remaining fund information of the Clermont County Transportation Improvement District, Clermont County, Ohio, as of December 31, 2012, 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.

**Emphasis of Matter**

As described in Note 3, during 2012, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and Statement No. 65, "*Items Previously Reported as Assets and Liabilities*."

**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.

*Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole. The financial section's combining statements present additional analysis and are not a required part of the basic financial statements.

The financial section's combining statements and the Schedule of Federal Award Expenditures are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2013, 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.

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

**Dave Yost**  
Auditor of State

May 24, 2013

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**CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Unaudited)**

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The discussion and analysis of Clermont County Transportation Improvement District's (the District's) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2012 are as follows:

- The District's net position decreased by \$1,997,115, to a year end total of negative \$2,515,487, as resources were used for the advancement of projects.
- During the year, the District generated \$6,962,755 of revenues and incurred expenses of \$8,959,870.
- During 2012 significant construction activities continued on the Wolfpen Pleasant Hill Improvement Project and the Business 28 Phase I Improvement Project, while construction was initiated on the Castelberry Court to I-275 Project and the SR 125 Amelia Village Project. In addition, major right of way acquisition activities occurred on the Clough Pike Improvement Project in preparation of future construction.
- The District issued \$5,000,000 of Roadway Improvement Bonds to finance the third phase of the District's Regional Transportation Improvement.

**USING THIS ANNUAL REPORT**

This annual report consists of two parts – management's discussion and analysis and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District. These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**Government-wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position (the difference between the District's assets and liabilities) is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District reflect the following category for its activities:

Governmental Activities – The District's programs and services are reported as governmental activities and include general government, program development, program implementation and public works.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

*Governmental Funds* – All of 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.

## **DISTRICT SUMMARY**

### The District as a Whole

The following table provides a summary of the District's net position for 2012 compared to 2011:

	Governmental Activities		Increase
	2012	2011-Restated	(Decrease)
Current and other assets	\$ 11,938,172	\$ 9,963,466	\$ 1,974,706
Total assets	<u>11,938,172</u>	<u>9,963,466</u>	<u>1,974,706</u>
Long-term debt outstanding	12,811,418	8,602,425	4,208,993
Other liabilities	1,642,241	1,879,413	(237,172)
Total liabilities	<u>14,453,659</u>	<u>10,481,838</u>	<u>3,971,821</u>
Net position:			
Restricted	-	642,302	(642,302)
Unrestricted	(2,515,487)	(1,160,674)	(1,354,813)
Total net position	<u>\$ (2,515,487)</u>	<u>\$ (518,372)</u>	<u>\$ (1,997,115)</u>

Total assets increased by \$1,974,706 and total liabilities increased by \$3,971,821. Total assets increased primarily due to receiving proceeds of a \$5,000,000 bond issue, offset by uses of cash to fund project related costs. Total liabilities increased primarily due to the issuance of bonds, offset by the scheduled retirement of previously issued debt.

Restricted net position decreased as a result of the expenditure of construction funds placed on deposit for a project administered by the Ohio Department of Transportation.

Changes in Net Position – The following table provides a summary of the District’s changes in net position for 2012 compared to 2011:

	Governmental Activities		Increase
	2012	2011-Restated	(Decrease)
Revenues			
General revenues:			
Intergovernmental	\$ 3,100,000	\$ 4,049,497	\$ (949,497)
Federal Interest Subsidy	107,565	109,456	(1,891)
Interest Income	5,334	8,597	(3,263)
Program revenues:			
Operating Grants and Contributions	3,749,856	894,971	2,854,885
Total revenues	<u>6,962,755</u>	<u>5,062,521</u>	<u>1,900,234</u>
Program Expenses			
General Government	353,340	354,878	(1,538)
Program Implementation	114,365	69,641	44,724
Public Works	8,092,414	7,468,339	624,075
Debt Service:			
Interest and Fiscal Charges	399,751	371,286	28,465
Total expenses	<u>8,959,870</u>	<u>8,264,144</u>	<u>695,726</u>
Total Change in Net Position	<u>(1,997,115)</u>	<u>(3,201,623)</u>	<u>1,204,508</u>
Beginning Net Position	<u>(518,372)</u>	<u>2,683,251</u>	<u>(3,201,623)</u>
Ending Net Position	<u>\$ (2,515,487)</u>	<u>\$ (518,372)</u>	<u>\$ (1,997,115)</u>

### *Governmental Activities*

Net position of the District’s governmental activities decreased by \$1,997,115 during 2012 compared to a decrease of \$3,201,623 for 2011. Intergovernmental revenues decreased as pledged revenues included in intergovernmental agreements with funding partners contained a one year increase applicable to 2011 for the City of Milford. Operating grants and contributions increased as a result of funding partners providing program specific contributions in addition to their pledged revenue amounts and federal funding passed through ODOT for the federal and state share of program costs. Expenditures increased during 2012 primarily as a result of increased project related activity.

### The District’s Funds

The District’s governmental funds reported a combined fund balance of \$9,525,979, which is an increase of \$1,903,506 from last year’s restated total of \$7,622,473. This increase occurred within the General Fund, increasing \$2,877,186, offset by decreases in the Wolfpen Pleasant Hill Improvement Project Fund of \$331,378 and the Castleberry Court to I-275 Project Fund of \$642,302. The increase in the General Fund was primarily due to funding from intergovernmental revenues and bond proceeds in excess of current year expenses. The decreases in the Wolfpen Pleasant Hill Improvement Project Fund and the Castleberry Court to I-275 Project Fund were a result of utilizing prior year project specific contributions to fund current year project costs.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### Capital Assets

As of December 31, 2012, the District reported no capital assets.

### Debt

During 2007, the District issued \$5,000,000 of Clermont County Transportation Improvement District Roadway Improvement Revenue Bonds, Series 2007, dated December 5, 2007, to provide partial funding of the District's Regional Transportation Improvement Program. The outstanding balance of \$2,440,000 will mature on December 1 in various amounts through 2016 and carry interest at rates varying from 3.875 percent to 4.250 percent per annum.

During 2010, the District issued \$5,925,000 of Clermont County Transportation Improvement District Roadway Improvement Revenue Bonds, Series 2010, dated June 3, 2010, to provide additional partial funding of the District's Regional Transportation Improvement Program. The outstanding balance of \$5,225,000 will mature on December 1 in various amounts through 2025 and carry interest at rates varying from 1.75 percent to 5.35 percent per annum.

During 2012, the District issued \$5,000,000 of Clermont County Transportation Improvement District Roadway Improvement Revenue Bonds, Series 2012, dated August 7, 2012, to provide additional partial funding of the District's Regional Transportation Improvement Program. The outstanding balance of \$5,000,000 will mature on December 1 in various amounts through 2028 and carry interest at rates varying from 2.00 percent to 3.00 percent per annum.

During 2012, the District retired \$900,000 of the bonds with interest as scheduled. As of December 31, 2012, \$12,665,000 remains outstanding.

Additional information concerning the District's debt can be found in Note 6 to the basic financial statements.

## **ECONOMIC FACTORS**

The year ending December 31, 2012 was the sixth full year of operations. The District continued on its mission to improve the prosperity, health, safety, and welfare of the people of Clermont County and the State of Ohio. Multiple new projects that are to be integrated into the overall transportation goals of the District were initiated during the year in addition to those initiated in prior years. In total, the District maintains 25 on-going projects as of December 31, 2012.

As with most infrastructure projects undertaken by local governments, a challenge facing the District is the future of both state and federal funding. With careful planning and monitoring of the District's finances and continued cooperation with local, state and federal officials, management is confident that funding challenges can be overcome and quality services will continue in order to develop, implement and construct the improvements envisioned to improve the prosperity, health, safety, and welfare of the people of Clermont County and the State of Ohio.

## **CONTACTING THE DISTRICT'S MANAGEMENT**

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. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Secretary-Treasurer, Clermont County Transportation Improvement District, 2381 Clermont Center Drive, Batavia, OH 45103.

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**Clermont County Transportation Improvement District**  
**Statement of Net Position**  
**December 31, 2012**

	<b>Governmental Activities</b>
<b>Assets</b>	
Equity in Pooled Cash	\$ 10,115,366
Contractor Retainage Accounts	345,848
Accounts Receivable	14,000
Intergovernmental Receivable	1,462,958
<b>Total Assets</b>	<b>11,938,172</b>
<b>Liabilities</b>	
Accounts Payable	2,532
Contracts Payable	1,152,403
Retainage Payable	345,848
Unearned Revenue	102,910
Accrued Interest Payable on Bonds	38,548
Long Term Liabilities:	
Due Within One Year	1,217,348
Due In More Than One Year	11,594,070
<b>Total Liabilities</b>	<b>14,453,659</b>
<b>Net Position</b>	
Unrestricted	(2,515,487)
<b>Total Net Position</b>	<b>\$ (2,515,487)</b>

See accompanying notes to the basic financial statements

**Clermont County Transportation Improvement District**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>					
General Government	\$ 353,340	\$ -	\$ -	\$ -	\$ (353,340)
Program Implementation	114,365	-	-	-	(114,365)
Public Works	8,092,414	-	3,749,856	-	(4,342,558)
Interest and Fiscal Charges	399,751	-	-	-	(399,751)
	<u>\$ 8,959,870</u>	<u>\$ -</u>	<u>\$ 3,749,856</u>	<u>\$ -</u>	<u>(5,210,014)</u>
<b>General Revenues</b>					
					Intergovernmental Grants Not Restricted to Specific Programs 3,100,000
					Federal Interest Subsidy 107,565
					Interest Income 5,334
					Total General Revenues 3,212,899
					Change in Net Position (1,997,115)
					Net Position Beginning of Year-Restated (518,372)
					Net Position End of Year \$ (2,515,487)

See accompanying notes to the basic financial statements



**Clermont County Transportation Improvement District**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2012**

	General Fund	Debt Service Fund	Business 28 Phase I Improvements Project Fund	Castleberry Court to I-275 Project Fund	SR 125 Amelia Village Project Fund	Clough Pike Improvement Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Equity in Pooled Cash	\$ 9,068,962	\$ -	\$ 10,384	\$ 2,386	\$ 511,329	\$ 81,454	\$ 440,851	\$ 10,115,366
Accounts Receivable	14,000	-	-	-	-	-	-	14,000
Intergovernmental Receivable	-	-	782,750	328,035	-	-	352,173	1,462,958
Due from Other Funds	472,603	-	-	-	-	-	-	472,603
Contractor Retainage Accounts	-	-	240,495	-	-	-	105,353	345,848
<b>Total Assets</b>	<b>\$ 9,555,565</b>	<b>\$ -</b>	<b>\$ 1,033,629</b>	<b>\$ 330,421</b>	<b>\$ 511,329</b>	<b>\$ 81,454</b>	<b>\$ 898,377</b>	<b>\$ 12,410,775</b>
<b>Liabilities</b>								
Accounts Payable	\$ -	\$ -	\$ 1,195	\$ -	\$ -	\$ -	\$ 1,337	\$ 2,532
Contracts Payable	29,586	-	9,189	2,386	408,419	81,454	621,369	1,152,403
Due to Other Funds	-	-	-	315,035	-	-	157,568	472,603
Unearned Revenue	-	-	-	-	102,910	-	-	102,910
Retainage Accounts Payable	-	-	240,495	-	-	-	105,353	345,848
<b>Total Liabilities</b>	<b>29,586</b>	<b>-</b>	<b>250,879</b>	<b>317,421</b>	<b>511,329</b>	<b>81,454</b>	<b>885,627</b>	<b>2,076,296</b>
<b>Deferred Outflows of Resources</b>								
Unavailable Amounts	-	-	782,750	13,000	-	-	12,750	808,500
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>782,750</b>	<b>13,000</b>	<b>-</b>	<b>-</b>	<b>12,750</b>	<b>808,500</b>
<b>Fund Balances</b>								
Unassigned	9,525,979	-	-	-	-	-	-	9,525,979
<b>Total Fund Balances</b>	<b>9,525,979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,525,979</b>
<b>Total Liabilities, Deferred Outflows of Resources and Fund Balances</b>	<b>\$ 9,555,565</b>	<b>\$ -</b>	<b>\$ 1,033,629</b>	<b>\$ 330,421</b>	<b>\$ 511,329</b>	<b>\$ 81,454</b>	<b>\$ 898,377</b>	<b>\$ 12,410,775</b>

See accompanying notes to the basic financial statements

**Clermont Count Transportation Improvement District  
Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2012**

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***Total Governmental Fund Balances*** \$ 9,525,979

*Amounts reported for governmental activities in the statement of net position are different because:*

Intergovernmental receivables are not available to pay for current-period expenditures and therefore are deferred in the funds 808,500

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds

Bonds Payable	(12,665,000)
Premium on Bonds	(146,418)
Accrued Interest Payable	(38,548)
	<hr/>

***Net Position of Governmental Activities*** \$ (2,515,487)

See accompanying notes to the basic financial statements

**Clermont County Transportation Improvement District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2012**

	General Fund	Debt Service Fund	Business 28 Phase I Improvements Project Fund	Castleberry Court to I-275 Project Fund	SR 125 Amelia Village Project Fund	Clough Pike Improvement Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
Intergovernmental Revenue	\$ 3,100,497	\$ -	\$ 75,605	\$ 629,438	\$ 815,266	\$ 337,183	\$ 1,566,201	\$ 6,524,190
Federal Interest Subsidy	-	107,565	-	-	-	-	-	107,565
Interest Income	5,334	-	-	-	-	-	-	5,334
<b>Total Revenues</b>	<b>3,105,831</b>	<b>107,565</b>	<b>75,605</b>	<b>629,438</b>	<b>815,266</b>	<b>337,183</b>	<b>1,566,201</b>	<b>6,637,089</b>
<b>Expenditures</b>								
Current:								
General Government	254,926	-	-	-	-	-	-	254,926
Program Implementation	114,365	-	-	-	-	-	-	114,365
Public Works	-	-	2,006,057	777,485	815,266	1,356,844	3,136,762	8,092,414
Debt Service:								
Redemption of Principal	-	900,000	-	-	-	-	-	900,000
Interest Expense	-	397,999	-	-	-	-	-	397,999
<b>Total Expenditures</b>	<b>369,291</b>	<b>1,297,999</b>	<b>2,006,057</b>	<b>777,485</b>	<b>815,266</b>	<b>1,356,844</b>	<b>3,136,762</b>	<b>9,759,704</b>
Excess (Deficiency) of Revenues Over	2,736,540	(1,190,434)	(1,930,452)	(148,047)	-	(1,019,661)	(1,570,561)	(3,122,615)
<b>Other Financing Sources (Uses):</b>								
Bond Proceeds	5,000,000	-	-	-	-	-	-	5,000,000
Premium on Bond Issue	124,535	-	-	-	-	-	-	124,535
Cost of Bond Issuance	(98,414)	-	-	-	-	-	-	(98,414)
Transfers-In	848,161	1,190,434	1,930,452	-	-	1,019,661	1,593,089	6,581,797
Transfers-Out	(5,733,636)	-	-	(494,255)	-	-	(353,906)	(6,581,797)
<b>Total Other Financing Sources (Uses)</b>	<b>140,646</b>	<b>1,190,434</b>	<b>1,930,452</b>	<b>(494,255)</b>	<b>-</b>	<b>1,019,661</b>	<b>1,239,183</b>	<b>5,026,121</b>
Net Change in Fund Balances	2,877,186	-	-	(642,302)	-	-	(331,378)	1,903,506
Fund Balance at Beginning of Year-Restated	6,648,793	-	-	642,302	-	-	331,378	7,622,473
Fund Balance at End of Year	\$ 9,525,979	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,525,979

See accompanying notes to the basic financial statements

**Clermont County Transportation Improvement District  
Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended December 31, 2012**

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*Net Change in Fund Balances - Total Governmental Funds* \$ 1,903,506

*Amounts reported for governmental activities in the Statement of Activities  
are different because:*

Intergovernmental revenues in the statement of activities that do not provide  
current financial resources are not reported as revenues in the funds 325,666

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of principal of long-term debt  
consumes current financial resources of governmental funds. Neither  
transaction, however, has any effect on net position

Bonds Issued	(5,000,000)
Premium on Bonds	(124,535)
Redemption of Principal on Bonds	900,000
Amortization of Premium on Bonds	15,542

In the statement of activities, interest is accrued on outstanding bonds  
whereas in governmental funds, an interest expenditure is reported when due (17,294)

***Change in Net Position of Governmental Activities*** \$ (1,997,115)

See accompanying notes to the basic financial statements

**CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT  
CLERMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**1. REPORTING ENTITY**

The Clermont County Transportation Improvement District (the District) is a body politic and corporate, created for the purpose of financing, constructing, maintaining, repairing, and operating selected transportation projects. The District was specifically created pursuant to Chapter 5540 of the Ohio Revised Code, as amended. The District was created by action of the Board of Clermont County Commissioners on June 21, 2006.

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 ex-officio (non-voting). Each Board member serves a term of two years and there are no term limits for reappointment. The five voting Board members are appointed by the Board of Clermont County Commissioners. The Speaker of the Ohio House of Representatives and the President of the Ohio Senate each appoint one ex-officio member. None of the Board members receive compensation for serving on the Board.

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

The District is reported as a component unit to Clermont County, Ohio, as defined by the provisions of GASB statement numbers 14 and 39. As such, its activities are reported within the County's Comprehensive Annual Financial Report.

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 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.

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. Non-major funds are aggregated and presented in a single column.

## **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 fund assets and liabilities is reported as fund balance. The District has the following major governmental funds:

*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.

*Debt Service Fund* - Accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

*Business 28 Phase I Improvement Project Fund* - Provides for the widening of existing Business SR 28 and consolidation of access points, and other related construction.

*Castleberry Court to I-275 Project Fund* - Provides for improvements to SR 28 from east of Castleberry Court to the interchange at I-275 by widening to five lanes to relieve congestion. The project will coordinate and compliment a planned ODOT safety project at the SR 28/I-275 interchange.

*SR 125 Amelia Village Project Fund* - Provides for improvements along State Route 125, including the addition of exclusive turn lanes at the intersection with Lori Lane. The section of State Route 125 between Lori Lane and Woodlands Drive is being improved to provide 5 lanes. The work also includes installation of a new traffic signal at the intersection of State Route 125 and Lori Lane. Funding is provided from the Village of Amelia.

*Clough Pike Improvement Project Fund* - Provides for the widening of Clough Pike to three lanes from Mt. Carmel Tobasco Road to Glen-Este Withamsville Road.

### C. Measurement Focus

**Governmental-wide Financial Statements** - The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities 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** - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

All governmental funds are accounted for using a *flow of current financial resources* measurement focus. With this measurement focus, only current assets and current liabilities are generally 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 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.

Non-exchange 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 non-exchange transactions must also be available before it can be recognized.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, there or no items reported in the government-wide statement of net position for deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, there or no items reported in the government-wide statement of net position for deferred inflows of resources. The governmental funds balance sheet reports deferred inflows which arise from receivables which will not be collected within the available period under a modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that 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" on the balance sheet and statement of net position.

#### **F. Capital Assets**

The District reports no capital assets. Title to assets maintained by the District as part of project related expenditures will transfer to the County or State upon project completion.

#### **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, government fund payables and accrued liabilities that are incurred and are paid in a timely manner with current financial resources are reported as obligations of the funds. Long-term loans are recognized as a liability on the government fund financial statements when due.



## H. Interfund Transactions

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

## I. Net Position

Net position represents the difference between assets and liabilities. 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.

As of December 31, 2012, net position of the District totals a negative \$2,515,487. The negative net position balance is a result of applying generally accepted accounting principles (GAAP). GAAP requires the reporting of total long term debt obligations while amounts reported for receivables under the intergovernmental agreements that were used as collateral for the debt are limited to amounts formally appropriated by the District's funding partners. In lieu of appropriating the intergovernmental agreement in its entirety, the funding partners formally appropriate the current year's portion of the agreement, on an annual basis, effective at the inception of each calendar year.

## J. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

***Restricted*** - The 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.

***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. 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** - 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 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 used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which 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 amounts in any of the unrestricted fund balance classifications could be used.

#### **K. Estimates**

The preparation of 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.

### **3. CHANGE IN ACCOUNTING PRINIPLE**

For 2012 the District implemented GASB Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”* and GASB Statement No. 65, *“Items Previously Reported as Assets and Liabilities”*.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of net position and related note disclosures and standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

GASB Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

These changes were incorporated in the District’s 2012 financial statements resulting in the restatement of the beginning net position/fund balance, which is further discussed in Note 10.

### **4. EQUITY IN POOLED CASH**

Monies held by the District are classified by State statute into three categories.

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

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

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

The District has an Investment Policy that authorizes the Secretary-Treasurer to make investments of available monies from the funds of the District in securities as authorized by State law. These include:

1. bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for payment of principal and interest thereon but does not include stripped principal or interest obligations of such obligations;
2. bonds, notes, debentures, or any other obligations or securities directly issued by a Federal government agency or instrumentality;
3. interim deposits in Board-approved depositories;
4. bonds and other obligations of the State;
5. no-load money market mutual funds consisting exclusively of obligations described in A. and B. above or repurchase agreements secured by such obligations, provided such investments are made only through banks and savings and loan institutions authorized by R.C. 135.03;
6. The State Treasury Asset Reserve (STAR Ohio).

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.

### Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. Protection of District cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105 percent of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year-end, the carrying amount of the District’s deposits was \$10,461,214 and the bank balance was \$10,649,219. Outstanding checks represent the difference between the carrying and bank balances. Federal depository insurance covered \$1,080,760 of the bank balance. The remaining \$9,568,459 was collateralized in the manner described above.

**5. INTERGOVERNMENTAL AGREEMENTS**

The District has entered into intergovernmental agreements with the Clermont County Commissioners, Clermont County Engineers Office, Miami Township, Union Township and the City of Milford to provide funding to the District to facilitate the development and implementation of the District’s projects.

The initial intergovernmental agreements executed with the Clermont County Commissioners and Clermont County Engineers Office each provided for \$10,000,000 of funding commitments from available revenue sources in the amount of \$1,000,000 per year for a period of 10 years beginning in 2007. Amendments to those agreements have increased the pledged revenue commitments over an extended period ending 2028.

The initial intergovernmental agreements with Miami Township and Union Township each provided for \$1,000,000 of funding commitments from available revenue sources in the amount of \$100,000 per year for a period of 10 years beginning in 2007. The agreement with Miami Township was amended during 2009 to increase the pledged revenue commitment of the Township over an extended period ending 2028. The agreement with Union Township was amended during 2011 to increase the pledged revenue commitment of the Township over an extended period ending 2028.

During 2010 the District entered into an intergovernmental agreement with the City of Milford to provide for \$175,000 of funding commitments from available revenue sources in amounts ranging from \$50,000 during 2010 to \$25,000 for 2014. The agreement was amended during 2011 to increase the pledged revenue commitment of the City to \$974,497 for 2011 and maintaining pledged revenues of \$25,000 through 2014.

The remaining amended intergovernmental agreement balances covering pledged revenues as of December 31, 2012, are as follows:

	<u>Remaining Agreement</u>
Clermont County Commissioners	\$22,000,000
Clermont County Engineers Office	16,000,000
Miami Township	8,400,000
Union Township	1,600,000
City of Milford	<u>50,000</u>
Total	<u>\$48,050,000</u>

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## 6. LONG-TERM DEBT

Changes in the long-term debt of the District during 2012 were as follows:

	Maturity/ Interest Rate	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012	Amount Due Within One Year
Series 2007 Roadway Improvement Bonds – \$5,000,000	2016 3.875- 4.250%	\$2,990,000	\$ -	(\$550,000)	2,440,000	\$575,000
Premium		37,425	-	(12,107)	25,318	9,983
Series 2010 Roadway Improvement Bonds – \$5,925,000	2025 1.20- 5.35%	5,575,000	-	(350,000)	5,225,000	355,000
Series 2012 Roadway Improvement Bonds – \$5,000,000	2028 2.00- 3.00%	-	5,000,000	-	5,000,000	265,000
Premium		-	124,535	(3,435)	121,100	12,365
<b>Total</b>		<u>\$8,602,425</u>	<u>\$5,124,535</u>	<u>(\$915,542)</u>	<u>\$12,811,418</u>	<u>\$1,217,348</u>

During 2007, the District issued \$5,000,000 of Clermont County Transportation Improvement District Roadway Improvement Revenue Bonds, Series 2007, dated December 5, 2007, to finance the first phase of the District's Regional Transportation Improvement Program. The remaining balance of the Series 2007 bonds will mature on December 1 in various amounts ranging from \$575,000 in 2013 to \$650,000 in 2016. Interest, at rates varying from 3.875 percent to 4.250 percent per annum, is payable semi-annually on June 1 and December 1.

During 2010, the District issued \$5,925,000 of Clermont County Transportation Improvement District Roadway Improvement Revenue Bonds, Series 2010, dated June 3, 2010, to finance the second phase of the District's Regional Transportation Improvement Program. The balance of the Series 2010 bonds will mature on December 1 in various amounts ranging from \$355,000 in 2013 to \$470,000 in 2025. Interest, at rates varying from 1.20 percent to 5.35 percent per annum, is payable semi-annually on June 1 and December 1. The Series 2010 Bonds are Recovery Zone Economic Development Bonds subject to a Federal subsidy that reimburses the District 45 percent of interest payable on the Bonds.

During 2012, the District issued \$5,000,000 of Clermont County Transportation Improvement District Roadway Improvement Revenue Bonds, Series 2012, dated August 7, 2012, to finance the third phase of the District's Regional Transportation Improvement Program. The balance of the Series 2012 bonds will mature on December 1 in various amounts ranging from \$265,000 in 2013 to \$380,000 in 2028. Interest, at rates varying from 2.00 percent to 3.00 percent per annum, is payable semi-annually on June 1 and December 1.

The District has pledged receipts which consist of 1) the project funding, 2) future project funding 3) net RID revenues and 4) any other revenues, such as gifts or grants, to the extent they are not prohibited by their terms, to repay the principal and interest on the bonds. The bonds are payable from pledged revenues through 2028. Annual principal and interest payments on the bonds after the Federal subsidy are expected to require approximately 50 percent of annual pledged revenues through 2016, 30 percent from 2017 through 2025 and 13 percent from 2026 through 2028.

The annual requirements to retire the bonds, including the 45 percent federal subsidy applicable to interest on the Series 2010 bonds, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Gross Interest</u>	<u>Federal Subsidy</u>	<u>Total</u>
2013	\$1,195,000	\$462,573	(\$104,809)	\$1,552,764
2014	1,225,000	426,641	(101,375)	1,550,266
2015	1,260,000	385,513	(96,677)	1,548,836
2016	1,300,000	341,618	(91,257)	1,550,361
2017	665,000	294,148	(84,847)	874,301
2018-2022	3,545,000	1,117,652	(306,158)	4,356,494
2023-2027	3,095,000	363,661	(66,448)	3,392,213
2028	<u>380,000</u>	<u>11,400</u>	<u>-</u>	<u>391,400</u>
Total	<u>\$12,665,000</u>	<u>\$3,403,206</u>	<u>(\$851,571)</u>	<u>\$15,216,635</u>

## 7. CONTRACTUAL COMMITMENTS

As of December 31, 2012, the District had open unpaid contractual commitments related to various projects as follows:

<u>Contract Amounts</u>	<u>Paid to Date</u>	<u>Remaining Commitments</u>
<u>\$11,527,448</u>	<u>\$6,293,720</u>	<u>\$5,233,728</u>

## 8. TRANSFERS

During the year, the District transferred a total of \$5,733,636 from the General Fund to the following funds to provide funding for project expenditures and debt payments:

<u>Transfer-In Fund</u>	<u>Amount</u>
Debt Service	\$1,190,434
Business 28 Phase I Improvement Project Fund	1,930,452
Clough Pike Improvement Project Fund	1,019,661
Other Governmental Funds	<u>1,593,089</u>
Total	<u>\$5,733,636</u>

Also during 2012, the Castleberry Court to I-275 Project Fund and Other Government Funds transferred \$494,255 and \$353,906, respectively, to the General Fund. The General Fund had provided funding for expenditures in prior years in advance of project funding from other sources.

## 9. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- General liability
- Public Officials Liability
- Crime

There have been no claims resulting from these risks since inception of the District in July 2006. There have been no significant changes in coverage since July 2006.

## 10. RESTATED AMOUNTS FOR 2011

Amounts previously reported for 2011 have been revised for the implementation of GASB Statements Nos. 63 and 65 and to eliminate certain transactions made by the Ohio Department of Transportation (ODOT) on-behalf of the District that were previously reported as part of the District's activities.

GASB Statements Nos. 63 and 65 require that amounts reported for bond issuance cost which were previously reported as a deferred charge and amortized over the life of the bonds, should instead be recognized as an expense in the period incurred.

In addition, the District has determined that previously reported amounts for on-behalf payments made by ODOT relative to the Business 28 Phase I Improvement and the Wolfpen Pleasant Hill Improvement Projects, as well as previously reported amounts for certain assets and liabilities related to the Wolfpen Pleasant Hill Improvement Project, should be recorded by Clermont County, and not the District. The contractual arrangements for the federal and state funding portion of the projects specify Clermont County as the Local Public Agency (LPA), while the District records the local funding portion of these projects.

Adjustments to amounts previously reported for 2011 are as follows:

### *Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances:*

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
2011 amounts previously reported	\$6,941,886	\$11,421,731	\$7,291,095
Adjustments:			
Business 28 Phase I Improvement	(995,391)	(995,391)	-
Wolfpen Pleasant Hill Improvement	<u>(980,182)</u>	<u>(1,311,560)</u>	<u>331,378</u>
2011 amounts restated	<u>\$4,966,313</u>	<u>\$ 9,114,780</u>	<u>\$7,622,473</u>

### *Statement of Net Position and Statement of Activities:*

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Position</u>
2011 amounts previously reported	\$7,369,472	\$10,548,382	(\$405,981)
Adjustments:			
Business 28 Phase I Improvement	(995,391)	(995,391)	-
Wolfpen Pleasant Hill Improvement	(1,311,560)	(1,311,560)	-
GASB Statements No. 63 and 65	<u>-</u>	<u>22,713</u>	<u>(112,391)</u>
2011 amounts restated	<u>\$5,062,521</u>	<u>\$ 8,264,144</u>	<u>(\$518,372)</u>

## 11. SUBSEQUENT EVENT

On April 12, 2013 the Board of Trustees passed Resolution 2013-10 to authorize the issuance of not to exceed \$8,500,000 of Clermont County Transportation Improvement District Road Improvement Revenue Bonds, Series 2013, for the purpose of financing a portion of the Transportation Improvement Program Projects. Closing on the Bonds is anticipated to occur on June 5, 2013.

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**Clermont County Transportation Improvement District  
Combining Balance Sheet  
All Governmental Funds  
December 31, 2012**

	General Fund	Debt Service Fund	Business 28 Phase I Improvements Project Fund	Castleberry Court to I-275 Project Fund	SR 125 Amelia Village Project Fund	Clough Pike Improvement Project Fund	Wolfpen- Pleasant Hill Improvement Project Fund
<b>Assets</b>							
Equity in Pooled Cash	\$ 9,068,962	\$ -	\$ 10,384	\$ 2,386	\$ 511,329	\$ 81,454	\$ 379
Accounts Receivable	14,000	-	-	-	-	-	-
Intergovernmental Receivable	-	-	782,750	328,035	-	-	-
Due from Other Funds	472,603	-	-	-	-	-	-
Contractor Retainage Accounts	-	-	240,495	-	-	-	105,353
<b>Total Assets</b>	<b>\$ 9,555,565</b>	<b>\$ -</b>	<b>\$ 1,033,629</b>	<b>\$ 330,421</b>	<b>\$ 511,329</b>	<b>\$ 81,454</b>	<b>\$ 105,732</b>
<b>Liabilities</b>							
Accounts Payable	\$ -	\$ -	\$ 1,195	\$ -	\$ -	\$ -	\$ 379
Contracts Payable	29,586	-	9,189	2,386	408,419	81,454	-
Due to Other Funds	-	-	-	315,035	-	-	-
Unearned Revenue	-	-	-	-	102,910	-	-
Retainage Accounts Payable	-	-	240,495	-	-	-	105,353
<b>Total Liabilities</b>	<b>29,586</b>	<b>-</b>	<b>250,879</b>	<b>317,421</b>	<b>511,329</b>	<b>81,454</b>	<b>105,732</b>
<b>Deferred Outflows of Resources</b>							
Unavailable Amounts	-	-	782,750	13,000	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>782,750</b>	<b>13,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>							
Unassigned	9,525,979	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>9,525,979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Outflows of Resources and Fund Balances</b>	<b>\$ 9,555,565</b>	<b>\$ -</b>	<b>\$ 1,033,629</b>	<b>\$ 330,421</b>	<b>\$ 511,329</b>	<b>\$ 81,454</b>	<b>\$ 105,732</b>

(continued)

**Clermont County Transportation Improvement District  
Combining Balance Sheet  
All Governmental Funds  
December 31, 2012  
(continued)**

	Aicholtz Road Connector Project Fund	Eastgate North Frontage Road Project Fund	Tina Drive Extension Project Fund	Communication Plan Project Fund	Old SR 74 Widening Project Fund	SR 32 Corridor East Project Fund	Stonelick- Williams Corner Covered Bridge Project Fund
<b>Assets</b>							
Equity in Pooled Cash	\$ 1,009	\$ 77,417	\$ -	\$ 3,699	\$ 73,157	\$ 11,840	\$ -
Accounts Receivable	-	-	-	-	-	-	-
Intergovernmental Receivable	-	181,855	12,750	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
Contractor Retainage Accounts	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,009</b>	<b>\$ 259,272</b>	<b>\$ 12,750</b>	<b>\$ 3,699</b>	<b>\$ 73,157</b>	<b>\$ 11,840</b>	<b>\$ -</b>
<b>Liabilities</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371	\$ -
Contracts Payable	1,009	259,272	-	3,699	73,157	11,469	-
Due to Other Funds	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Retainage Accounts Payable	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,009</b>	<b>259,272</b>	<b>-</b>	<b>3,699</b>	<b>73,157</b>	<b>11,840</b>	<b>-</b>
<b>Deferred Outflows of Resources</b>							
Unavailable Amounts	-	-	12,750	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>12,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>							
Unassigned	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Outflows of Resources and Fund Balances</b>	<b>\$ 1,009</b>	<b>\$ 259,272</b>	<b>\$ 12,750</b>	<b>\$ 3,699</b>	<b>\$ 73,157</b>	<b>\$ 11,840</b>	<b>\$ -</b>

(continued)

**Clermont County Transportation Improvement District  
Combining Balance Sheet  
All Governmental Funds  
December 31, 2012  
(continued)**

	Aicholtz Road Profile Improvement Project Fund	Oasis Rail Corridor Tier 2 Project Fund	US 50 & SR 131 Milford Pkwy Intersection Project Fund	SR 131 McCormick Trail Project Fund	IR 275 at SR 450 Interchange Modification Project Fund	SR 28 & Branch Hill Intersection Improvements Project Fund	US 50 & SR 450 Improvements Project Fund
<b>Assets</b>							
Equity in Pooled Cash	\$ -	\$ 114,777	\$ 31,307	\$ -	\$ -	\$ 108,182	\$ -
Accounts Receivable	-	-	-	-	-	-	-
Intergovernmental Receivable	157,568	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
Contractor Retainage Accounts	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 157,568</b>	<b>\$ 114,777</b>	<b>\$ 31,307</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 108,182</b>	<b>\$ -</b>
<b>Liabilities</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts Payable	-	114,777	31,307	-	-	108,182	-
Due to Other Funds	157,568	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Retainage Accounts Payable	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>157,568</b>	<b>114,777</b>	<b>31,307</b>	<b>-</b>	<b>-</b>	<b>108,182</b>	<b>-</b>
<b>Deferred Outflows of Resources</b>							
Unavailable Amounts	-	-	-	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>							
Unassigned	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Outflows of Resources and Fund Balances</b>	<b>\$ 157,568</b>	<b>\$ 114,777</b>	<b>\$ 31,307</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 108,182</b>	<b>\$ -</b>

(continued)

**Clermont County Transportation Improvement District  
Combining Balance Sheet  
All Governmental Funds  
December 31, 2012  
(continued)**

	Eastern Corridor Tier 2 Project Fund	Eastgate South Roundabout Project Fund	Clermont County ITS-Phase 1 Project Fund	Clermont County ITS-Phase 2 Project Fund	CCTID Project 1 Project Fund	Total
<b>Assets</b>						
Equity in Pooled Cash	\$ -	\$ 16,010	\$ 1,335	\$ 1,739	\$ -	\$ 10,115,366
Accounts Receivable	-	-	-	-	-	14,000
Intergovernmental Receivable	-	-	-	-	-	1,462,958
Due from Other Funds	-	-	-	-	-	472,603
Contractor Retainage Accounts	-	-	-	-	-	345,848
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 16,010</b>	<b>\$ 1,335</b>	<b>\$ 1,739</b>	<b>\$ -</b>	<b>\$ 12,410,775</b>
<b>Liabilities</b>						
Accounts Payable	\$ -	\$ -	\$ -	\$ 587	\$ -	\$ 2,532
Contracts Payable	-	16,010	1,335	1,152	-	1,152,403
Due to Other Funds	-	-	-	-	-	472,603
Unearned Revenue	-	-	-	-	-	102,910
Retainage Accounts Payable	-	-	-	-	-	345,848
<b>Total Liabilities</b>	<b>-</b>	<b>16,010</b>	<b>1,335</b>	<b>1,739</b>	<b>-</b>	<b>2,076,296</b>
<b>Deferred Outflows of Resources</b>						
Unavailable Amounts	-	-	-	-	-	808,500
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>808,500</b>
<b>Fund Balances</b>						
Unassigned	-	-	-	-	-	9,525,979
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,525,979</b>
<b>Total Liabilities, Deferred Outflows of Resources and Fund Balances</b>	<b>\$ -</b>	<b>\$ 16,010</b>	<b>\$ 1,335</b>	<b>\$ 1,739</b>	<b>\$ -</b>	<b>\$ 12,410,775</b>

**Clermont County Transportation Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Funds**  
**For the Year Ended December 31, 2012**

	General Fund	Debt Service Fund	Business 28 Phase I Improvements Project Fund	Castleberry Court to I-275 Project Fund	SR 125 Amelia Village Project Fund	Clough Pike Improvement Project Fund	Wolfpen-Pleasant Hill Improvement Project Fund
<b>Revenues:</b>							
Intergovernmental Revenue	\$ 3,100,497	\$ -	\$ 75,605	\$ 629,438	\$ 815,266	\$ 337,183	\$ -
Federal Interest Subsidy	-	107,565	-	-	-	-	-
Interest Income	5,334	-	-	-	-	-	-
<b>Total Revenues</b>	<b>3,105,831</b>	<b>107,565</b>	<b>75,605</b>	<b>629,438</b>	<b>815,266</b>	<b>337,183</b>	<b>-</b>
<b>Expenditures</b>							
Current:							
General Government	254,926	-	-	-	-	-	-
Program Implementation	114,365	-	-	-	-	-	-
Public Works	-	-	2,006,057	777,485	815,266	1,356,844	554,520
Debt Service:							
Redemption of Principal	-	900,000	-	-	-	-	-
Interest Expense	-	397,999	-	-	-	-	-
<b>Total Expenditures</b>	<b>369,291</b>	<b>1,297,999</b>	<b>2,006,057</b>	<b>777,485</b>	<b>815,266</b>	<b>1,356,844</b>	<b>554,520</b>
Excess (Deficiency) of Revenues Over Expenditures	2,736,540	(1,190,434)	(1,930,452)	(148,047)	-	(1,019,661)	(554,520)
<b>Other Financing Sources (Uses):</b>							
Bond Proceeds	5,000,000	-	-	-	-	-	-
Premium on Bond Issue	124,535	-	-	-	-	-	-
Cost of Bond Issuance	(98,414)	-	-	-	-	-	-
Transfers-In	848,161	1,190,434	1,930,452	-	-	1,019,661	223,142
Transfers-Out	(5,733,636)	-	-	(494,255)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>140,646</b>	<b>1,190,434</b>	<b>1,930,452</b>	<b>(494,255)</b>	<b>-</b>	<b>1,019,661</b>	<b>223,142</b>
Net Change in Fund Balances	2,877,186	-	-	(642,302)	-	-	(331,378)
Fund Balance at Beginning of Year-Restated	6,648,793	-	-	642,302	-	-	331,378
Fund Balance at End of Year	<u>\$ 9,525,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>

(continued)

**Clermont County Transportation Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Funds**  
**For the Year Ended December 31, 2012**  
**(continued)**

	Aicholtz Road Connector Project Fund	Eastgate North Frontage Road Project Fund	Tina Drive Extension Project Fund	Communication Plan Project Fund	Old SR 74 Widening Project Fund	SR 32 Corridor East Project Fund	Stonelick- Williams Corner Covered Bridge Project Fund
<b>Revenues:</b>							
Intergovernmental Revenue	\$ -	\$ 934,065	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Interest Subsidy	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>934,065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>							
Current:							
General Government	-	-	-	-	-	-	-
Program Implementation	-	-	-	-	-	-	-
Public Works	1,648	1,093,401	12,525	18,278	221,960	21,438	4,160
Debt Service:							
Redemption of Principal	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,648</b>	<b>1,093,401</b>	<b>12,525</b>	<b>18,278</b>	<b>221,960</b>	<b>21,438</b>	<b>4,160</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,648)	(159,336)	(12,525)	(18,278)	(221,960)	(21,438)	(4,160)
<b>Other Financing Sources (Uses):</b>							
Bond Proceeds	-	-	-	-	-	-	-
Premium on Bond Issue	-	-	-	-	-	-	-
Cost of Bond Issuance	-	-	-	-	-	-	-
Transfers-In	1,648	159,336	12,525	18,278	221,960	21,438	4,160
Transfers-Out	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,648</b>	<b>159,336</b>	<b>12,525</b>	<b>18,278</b>	<b>221,960</b>	<b>21,438</b>	<b>4,160</b>
Net Change in Fund Balances	-	-	-	-	-	-	-
Fund Balance at Beginning of Year-Restated	-	-	-	-	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**Clermont County Transportation Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Funds**  
**For the Year Ended December 31, 2012**  
**(continued)**

	Aicholtz Road Profile Improvement Project Fund	Oasis Rail Corridor Tier 2 Project Fund	US 50 & SR 131 Milford Pkwy Intersection Project Fund	SR 131 McCormick Trail Project Fund	IR 275 at SR 450 Interchange Modification Project Fund	SR 28 & Branch Hill Intersection Improvements Project Fund	US 50 & SR 450 Improvements Project Fund
<b>Revenues:</b>							
Intergovernmental Revenue	\$ 382,136	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -
Federal Interest Subsidy	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Total Revenues	<u>382,136</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>							
Current:							
General Government	-	-	-	-	-	-	-
Program Implementation	-	-	-	-	-	-	-
Public Works	28,230	114,777	83,769	297,716	17,360	357,636	13,397
Debt Service:							
Redemption of Principal	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-
Total Expenditures	<u>28,230</u>	<u>114,777</u>	<u>83,769</u>	<u>297,716</u>	<u>17,360</u>	<u>357,636</u>	<u>13,397</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>353,906</u>	<u>(114,777)</u>	<u>(83,769)</u>	<u>(47,716)</u>	<u>(17,360)</u>	<u>(357,636)</u>	<u>(13,397)</u>
<b>Other Financing Sources (Uses):</b>							
Bond Proceeds	-	-	-	-	-	-	-
Premium on Bond Issue	-	-	-	-	-	-	-
Cost of Bond Issuance	-	-	-	-	-	-	-
Transfers-In	-	114,777	83,769	47,716	17,360	357,636	13,397
Transfers-Out	<u>(353,906)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(353,906)</u>	<u>114,777</u>	<u>83,769</u>	<u>47,716</u>	<u>17,360</u>	<u>357,636</u>	<u>13,397</u>
Net Change in Fund Balances	-	-	-	-	-	-	-
Fund Balance at Beginning of Year-Restated	-	-	-	-	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**Clermont County Transportation Improvement District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Funds**  
**For the Year Ended December 31, 2012**  
**(continued)**

	Eastern Corridor Tier 2 Project Fund	Eastgate South Roundabout Project Fund	Clermont County ITS-Phase 1 Project Fund	Clermont County ITS-Phase 2 Project Fund	CCTID Project 1 Project Fund	Total
<b>Revenues:</b>						
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,524,190
Federal Interest Subsidy	-	-	-	-	-	107,565
Interest Income	-	-	-	-	-	5,334
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,637,089</u>
<b>Expenditures</b>						
Current:						
General Government	-	-	-	-	-	254,926
Program Implementation	-	-	-	-	-	114,365
Public Works	133,380	16,010	1,972	110,930	33,655	8,092,414
Debt Service:						
Redemption of Principal	-	-	-	-	-	900,000
Interest Expense	-	-	-	-	-	397,999
Total Expenditures	<u>133,380</u>	<u>16,010</u>	<u>1,972</u>	<u>110,930</u>	<u>33,655</u>	<u>9,759,704</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(133,380)</u>	<u>(16,010)</u>	<u>(1,972)</u>	<u>(110,930)</u>	<u>(33,655)</u>	<u>(3,122,615)</u>
<b>Other Financing Sources (Uses):</b>						
Bond Proceeds	-	-	-	-	-	5,000,000
Premium on Bond Issue	-	-	-	-	-	124,535
Cost of Bond Issuance	-	-	-	-	-	(98,414)
Transfers-In	133,380	16,010	1,972	110,930	33,655	6,581,797
Transfers-Out	-	-	-	-	-	(6,581,797)
Total Other Financing Sources (Uses)	<u>133,380</u>	<u>16,010</u>	<u>1,972</u>	<u>110,930</u>	<u>33,655</u>	<u>5,026,121</u>
Net Change in Fund Balances	-	-	-	-	-	1,903,506
Fund Balance at Beginning of Year-Restated	-	-	-	-	-	7,622,473
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>9,525,979</u>



**CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**

**Schedule of Federal Awards Expenditures**

**for the year ended December 31, 2012**

Federal Grantor/Pass Through Grantor Program Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	PID-82555	20.205	\$ 648,519
<b>Total U.S. Department of Transportation</b>			<b>648,519</b>
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 648,519</b>

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Federal Awards Expenditures has been prepared on the cash basis of accounting.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditures of non-Federal matching funds is not included on the Schedule.

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# Dave Yost • Auditor of State

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

Clermont County Transportation Improvement District  
Clermont County  
2381 Clermont Center Drive  
Batavia, Ohio 45103

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, each major fund, and the aggregate remaining fund information of the Clermont County Transportation Improvement District, Clermont County, Ohio (the District), a component unit of Clermont County, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 24, 2013, wherein we noted the District adopted the provisions of Governmental Accounting Standards Board Statement No. 63 and Statement No. 65.

### ***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 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 "D" and "Y".

**Dave Yost**  
Auditor of State

May 24, 2013



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Clermont County Transportation Improvement District  
Clermont County  
2381 Clermont Center Drive  
Batavia, Ohio 45103

To the Board of Trustees:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Clermont County Transportation Improvement District, Clermont County, Ohio (the District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal program for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Clermont County Transportation Improvement District, Clermont County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

May 24, 2013

**CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 20.205 - Highway Planning and Construction
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**

**CLERMONT 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 13, 2013**