

*Montgomery County, Ohio  
Transportation Improvement District*



*Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2005*





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Montgomery County Transportation Improvement District  
1 Chamber Plaza  
Fifth and Main Streets  
Dayton, Ohio 45402-2400

We have reviewed the *Independent Accountants' Report* of the Montgomery County Transportation Improvement District, prepared by BKD, LLP, for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY  
Auditor of State

September 6, 2006

**This Page is Intentionally Left Blank.**

*Montgomery County, Ohio  
Transportation Improvement District*



*Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2005*

*Prepared by  
Sean Fraunfelder, CPA  
Finance Director*

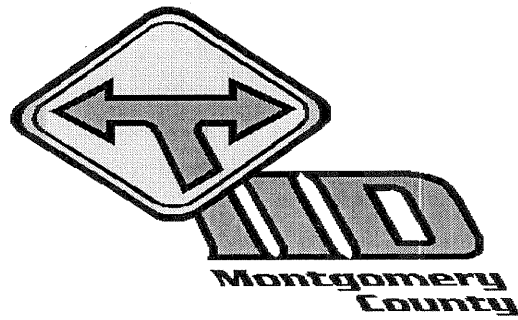
**This Page is Intentionally Left Blank.**

*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED DECEMBER 31, 2005*

TABLE OF CONTENTS

I.	INTRODUCTORY SECTION	
	Transmittal Letter	i
	Economic Condition and Major Initiatives	ii
	List of Principal Officials	vi
	Organizational Chart	vii
	GFOA Certificate of Achievement	viii
II.	FINANCIAL SECTION	
	INDEPENDENT ACCOUNTANTS' REPORT	1
	MANAGEMENT'S DISCUSSION AND ANALYSIS	3
	<b>BASIC FINANCIAL STATEMENTS:</b>	
	Government-Wide Financial Statements	
	Statement of Net Assets	9
	Statement of Activities	10
	Fund Financial Statements	
	Balance Sheet – Governmental Funds	11
	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	12
	Notes to the Basic Financial Statements	13
	REQUIRED SUPPLEMENTARY INFORMATION	
	Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	25
	Notes to the Required Supplementary Information	27
	INDIVIDUAL FUND SCHEDULES	
	Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis ):	
	State Route 201 and 202 Fund	29
	Austin Centre Interchange	30
III.	STATISTICAL SECTION	
	Net assets by Component – Last Two Years	31
	Changes in Net Assets – Last Two Years	32
	Fund Balances, Governmental Funds – Last Four Years	33
	Changes in Fund Balances, Governmental Funds – Last Four Years	34
	Miscellaneous statistics	35

# **INTRODUCTORY**



# **SECTION**





Montgomery County Transportation  
Improvement District

1 Chamber Plaza  
Fifth and Main Streets  
Dayton, Ohio 45402-2400

April 30, 2006

Citizens of Montgomery County  
Members of the Board of Trustees

We are pleased to submit the Montgomery County Transportation Improvement District's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005. The CAFR is presented in three sections:

1. The Introductory section includes the table of contents, this transmittal letter, a list of principal officials, the District's organizational chart, and the 2004 GFOA Certificate of Achievement for Excellence in Financial Reporting.
2. The Financial section includes the management's discussion and analysis, basic financial statements and the individual fund schedules, as well as the report of independent accountant on the financial statements.
3. The Statistical section includes a number of tables depicting the financial history of the District for the past three years, as well as information on subjects such as Montgomery County demographics.

This report is a culmination of the efforts of many people. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to set forth fairly the financial position of the District's operations, and that all disclosures necessary to enable the reader to gain maximum understanding of the District's financial affairs have been included.

#### MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

The mission of the Montgomery County Transportation Improvement District is to expedite projects that will improve transportation and support economic development in Montgomery County. The District was created in 2001 when the Montgomery County Commission saw the need to expedite transportation related construction projects throughout the county. The District started off with great expectations but no set project to lead its way. The District became involved with the City of Huber Heights and their interchange projects on Interstate 70. From working on that from late 2001 through 2005, the District has seen other opportunities start to present themselves with the District becoming heavily involved in the Austin Centre Interchange Project, which is discussed further below.

## DISTRICT ORGANIZATION AND REPORTING ENTITY

The reporting entity includes the primary government and component units and is organized to ensure the financial statements of the District are not misleading.

Component units are also part of the reporting entity. These are 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 (2) the District is entitled to or can otherwise access the organization's resources. In this case, the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization or the District is obligated for the debt of the organization. Component units may also include organizations in which the District approves the budget, the issuance of debt or the levying of taxes. The District has no component units.

The District is associated with the following jointly governed organization: Miami Valley Regional Planning Commission, which is presented in Note 9 to the basic financial statements.

## ECONOMIC CONDITION AND MAJOR INITIATIVES

Montgomery County is the fourth largest county in Ohio with a population of approximately 559,000. Its county seat and largest municipality is the City of Dayton with a population of approximately 166,000. Two of the nation's most heavily traveled interstate highways, I-75 and I-70, intersect in Montgomery County and are primary transportation and development corridors that serve and support the region.

### Road Improvements

#### **Austin Centre Interchange**

The District has worked in connection with a variety of local governments; including Montgomery County, the City of Miamisburg, Miami Township, the City of Springboro, the City of Dayton, Washington Township, the City of Centerville, the Dayton-Montgomery County Port Authority, the Miami Valley Regional Planning Commission and ODOT, to modify the current Austin Pike/Miamisburg-Springboro Road overpass at Interstate 75. The participating governments have agreed to a multi-jurisdictional land use plan for the proposed interchange area.

The local governments worked on the finance plan since 2004 relating to the Austin Centre Interchange. The governments addressed three phases of the plan. First the interchange proper, which is the overpass and approximately one thousand feet east and west of the overpass. The second phase is the relocation of Byers Road and completion of the widening to State Route 725. The third phase being the relocation of Austin Road to the north and widening to State Route 741. The financing plan along with Miamisburg school district approval was approved in late 2005.

The local governments have agreed started preliminary right-of-way of discussions with surrounding land owners to expedite the process once final approval has been received from the Federal Highway Administration and Ohio Department of Transportation although due to certain regulations negotiations can not occur.

Engineering and environmental work has continued on the relocation of Byers Road to have the terminus of the road intersect with Wood Road on the south. Austin Centre Interchange could open up over 1,000 acres of developable land by 2007 in the southern portion of Montgomery County. The District has started land acquisition and initial environmental work with the assistance of ODOT.

### **State Route 202 and 201 Interchanges at Interstate 70**

The District has worked with the City of Huber Heights and the Ohio Department of Transportation (ODOT) on the City's portion of the interchange projects. ODOT has a lane add project on Interstate 70 that was under construction during 2005 in the City limits. The City was required to modify their two interchanges on Interstate 70 as part of that project. The City requested the District to help aid them in expediting the process. The District was involved in right of way acquisition, design plan review and negotiation, and financing the local share of the reconstruction of both interchanges. With the help of the District, the City was able to meet the requirements from ODOT to move along the Interstate 70 project. The District has completed their obligation to the project with the exception of a few final right-of-way settlements.

### CAPITAL ASSETS

The District continued work on the Austin Centre Interchange project and ended the fiscal year with \$3,489,791. For more information on the District's capital assets see Note 3 to the financial statements.

### DEBT ADMINISTRATION

The District had no debt obligations at December 31, 2005.

## CASH MANAGEMENT

The District Finance Director is in charge of the District's cash management program. All District cash is pooled for investment purposes. Longer term investments consist of Certificates of Deposit insured by the Federal Deposit Insurance Corporation or protected by either pledged collateral held in trust by the Federal Reserve Bank or pooled collateral, United States Agency Obligations and commercial paper. During 2005, the District earned \$32,947 in interest. A majority of the District's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of the public funds on deposit. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions hold the collateral. The District regularly reviews the market value of the pool to insure that adequate collateral is being provided.

For more detailed information on the District's financial activity please refer to the Management's Discussion and Analysis starting on page 3 of the basic financial statements.

## RISK MANAGEMENT

The District is adequately insured in all areas including buildings, contents, vehicles, equipment and general liability through Brower Insurance Agency. For more detailed information on the District's insurance see Note 6 to the financial statements.

## OTHER INFORMATION

### Independent Audit

This report includes an unqualified audit report regarding the District's financial statements. BKD LLP conducted this year's audit. The Independent Accountant's Report on the basic financial statements is included in the financial section of this report.


### Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial reporting (CAFR) for the fiscal year ended December 31, 2004. This was the second year the District submitted and received the award for excellence in financial reporting. In order to be awarded a Certificate of Achievement, the District must publish a clear and effective CAFR. The District feels the 2005 CAFR meets these requirements and will successfully receive the award also.

Acknowledgements

A note of sincere appreciation is extended to many hardworking and committed people who have contributed their time and effort to prepare this report. The District staff would like to extend their sincere appreciation to the hard working Board Members and those individuals at the Montgomery County Commission and Economic Development offices that made it possible for the District to achieve the success it has so far.

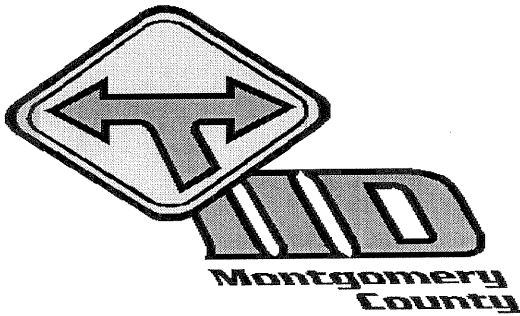
Respectfully submitted,



Executive Director



Secretary/Treasurer



MONTGOMERY COUNTY  
TRANSPORTATION IMPROVEMENT DISTRICT  
2005 BOARD MEMBERS

Voting:

Eric Cluxton, Chairperson  
Jonathan Hollingsworth,  
Vice-Chairperson  
Clark Beck  
Don Porter, Treasurer  
Ron Budzik

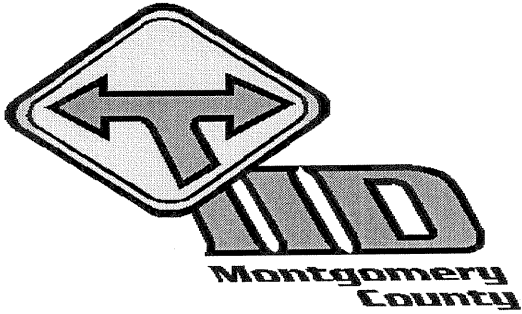
Fifth Third Bank

J. Hollingsworth & Associates, LLC  
Retired Engineer  
Architect  
Consultant

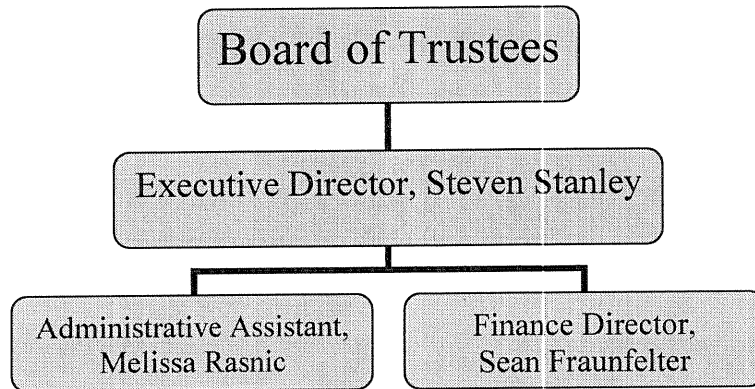
Non Voting:

Sen. Jeff Jacobson  
Rep. Arlene Setzer

Ohio Senate  
State Representative



## MONTGOMERY COUNTY ORGANIZATIONAL CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Montgomery County  
Transportation Improvement  
District, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

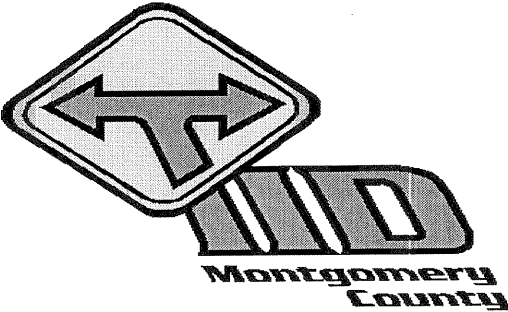
President

*Jeffrey R. Emer*

Executive Director



**FINANCIAL**



**SECTION**



## Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees  
Transportation Improvement District of Montgomery County, Ohio  
Dayton, OH

We have audited the accompanying financial statements of the governmental activities and each major fund of the Transportation Improvement District of Montgomery County, Ohio (the "District") as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Transportation Improvement District of Montgomery County, Ohio as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2006, 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. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, individual fund schedules and statistical section are presented for purposes of additional analysis and is not a required part of the basic financial statements. The individual fund schedules have been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

*BKD, LLP*

March 24, 2006

# ***MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005**

Our discussion and analysis of the Montgomery County Transportation Improvement District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2005. Please review it in conjunction with the basic financial statements, which begin on page 9.

### **FINANCIAL HIGHLIGHTS**

- The District had \$4.51 million in net assets at December 31, 2005, a decrease of \$.37 million over fiscal year 2004.
- The District had \$.51 million in program expenses that were offset by \$.11 million of program revenues. The general revenues and beginning balance was more than enough to cover the variance.
- Governmental fund revenues were \$.17 million for 2005 with 73% of those revenues related to the general operating costs of the District.
- The General fund had a net asset decrease of \$.15 million during 2005 while the other major funds combined to create a negative change in net assets overall for the District by \$0.41 million for all governmental funds.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9-10) provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements start on page 9. These statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant funds.

#### **Reporting the District as a Whole**

##### The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins here. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse as a result of the year's activities?" Although net assets decreased by \$.30 million, the answer is still yes. The question we hope to answer is, "Where is the District going and will it be able to get there?"

The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer those two questions. These statements include all the assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. One can think of the District's net assets, the difference between assets (what the District owns) and liabilities (what the District owes) as one way to measure the District financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. One will need to consider other nonfinancial factors, however, such as changes in the District's jurisdiction, the availability of capital projects, and continuing local government support to assess the **overall health** of the District.

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

### Fund Financial Statements

### **Major Funds – General State Route 201/202 Project Austin Centre Interchange**

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 11 and provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State law. However, the Board establishes other funds to help control and manage money for a particular purpose (ex. various capital project funds). The District only has governmental funds.

*Governmental Funds:* The District's services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual method of 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 operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between *governmental activities* (reported in the government-wide statements) and the governmental funds in the reconciliation at the bottom of the fund financial statements.

*Notes to the Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 13-23 of this report.

## THE DISTRICT AS A WHOLE

As stated previously, the Statement of Net Assets looks at the District as a whole. The following table provides a summary of the District's net assets for 2005 compared to 2004.

	Net Assets		
	2004	2005	Change
Current Assets	\$4,635,951	\$4,202,000	(\$433,951)
Capital Assets	3,412,284	3,489,791	77,507
Total Assets	8,048,235	7,691,791	(356,444)
Current Liabilities	(3,167,304)	(3,113,883)	53,421
Net Assets:			
Invested in Capital Assets	3,412,284	3,489,791	77,507
Restricted	0	0	0
Unrestricted	1,468,647	1,088,117	(380,530)
Total Net Assets	\$4,880,931	\$4,577,908	(\$303,023)

The District saw a seven percent decrease in net assets from 2004 to 2005 as the District focused efforts on moving the Austin Centre Interchange project and all the bi-products of that project forward. The District's involvement in the State Route 202 and 201 project continued as certain right of way was appropriated and pending settlement.

The following tables look at the change in the District's revenues and expenses from 2004 to 2005.

	Statement of Activities		
	2004	2005	Change
Program Revenues:			
Charges for Services	\$19,490	\$95,000	\$75,510
Capital Grants	499,506	79,854	(419,652)
General Revenues:			
Operating Grants	312,500	0	(312,500)
Interest	18,177	32,947	14,770
Total Revenue	849,673	207,801	(641,872)
Program Expenses			
General Government	625,444	510,824	114,620
Total Expenses	625,444	510,824	114,620
Change in Net Assets	224,229	(303,023)	(527,25)
Beginning Net Assets	4,656,702	4,880,931	224,229
Ending Net Assets	\$4,880,931	\$4,577,908	(\$303,023)

The large change in revenues from 2004 to 2005 can be explained by the District working on reimbursement agreements with the local governments involved in the Austin Centre Interchange projects. The District is working on engineering of the local roadway and financing agreements.

### **THE DISTRICT'S FUNDS**

The following is a summary of the individual funds and an analysis of the ending fund balances.

General	\$1,341,044
State Route 201/202 Project	(226,999)
Austin Centre Interchange	(230,958)

The general fund balance is used to fund the other two projects until certain financing obligations are received. The State Route 201/202 project was in a deficit based on the intergovernmental receivable outstanding at the end of the year for District expenditures that will be reimbursed when the City of Huber Heights takes its initial draw on the State Infrastructure Bank loan for the State Route 202 project. The Austin Centre Interchange project saw a net asset decrease by \$.19 million as the District expended additional monies in some of the additional projects that need to be reimbursed by the participating governments.

The District expended \$.59 million in governmental funds during the year with 53% of that being spent on the District's two main capital projects.

#### Original and Final Budgets – General Fund

The original budget was prepared in July 2004 when the District was still not certain on how it would finance certain projects and with little known about revenues that would be received. The budget actually decreased as the ODOT grant was not received by the end of the fiscal year. The District increased final budget expenditures slightly as some additional overhead costs were anticipated that the District did not account for with the original budget.

#### Final versus Actual Budget – General Fund

The District's final revenue was lower than the final budget as the anticipated quarterly reimbursement from the ODOT grant anticipated in December 2005 was not received by the end of the fiscal year. The District's actual expenditures were under final budget as some legal fees were not paid until the first of the following year.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The District capitalized \$.08 million in construction in progress during the year. The District will track the project expenditures as construction in progress and once the project is completed the various improvements will be dedicated to the appropriate agency. See note 3 of the financial statements for more information.

The District had no need for issuing debt during the fiscal year.

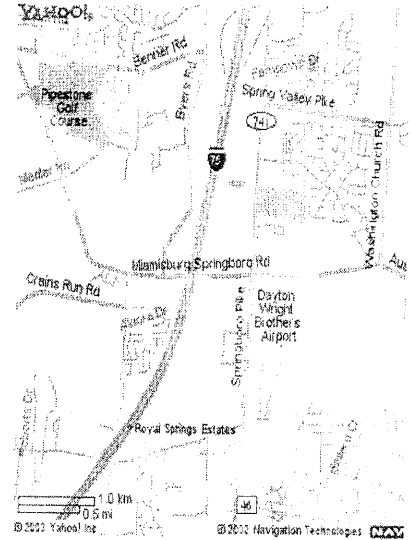
## ECONOMIC FACTORS

The District was created to operate on a countywide basis. In the summer, the staff and Trustees met to discuss and reprioritize projects. The District evaluated the 2005 list of needed projects that covers the various areas of the county. The County is divided by one of the major north-south interstate in the country and a prime location for midwest companies to locate.

With the District's main focuses on the State Route 202/201 interchanges to the north and Austin Centre Interchange to the south of the City of Dayton, the District is trying to work with all communities located in the county.


The District continues to evaluate the eastern and western corridors of the county as a way to expedite economic growth throughout the county. The Interstate corridor will be a major development down the road as the District, the Miami Valley Regional Planning Commission and Department of Transportation jointly tackle this task.

It is important that the District is able to succeed in the development of the listed and future projects not only for Montgomery County and its residents, but also for the longevity of the District. The TID is currently included in the Ohio Department of Development Grant for the next two fiscal years. The District will need to generate management fees from mature projects to continue to absorb early stage costs of developing projects. With additional projects to better the transportation quality of Montgomery County, the District will be able to prosper while providing the residents with an easier way to get from one place to the next.



### Request for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Montgomery County Transportation Improvement District, 1 Chamber Plaza, Dayton, Ohio 45402-2400.

  
Steven B. Stanley  
Executive Director





**MONTGOMERY COUNTY, OHIO**  
**TRANSPORTATION IMPROVEMENT DISTRICT**

**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2005**

---

---

**Assets:**

**Current Assets:**

Equity in Pooled Cash and Cash Equivalents	\$ 967,030
Intergovernmental Receivable	3,234,970
<i>Total Current Assets</i>	<u>4,202,000</u>

**Noncurrent Assets:**

Capital Assets - Construction in Progress	3,489,791
<b>Total Assets</b>	<u>7,691,791</u>

**Liabilities:**

**Current Liabilities:**

Accounts Payable	83,943
Unearned Revenue	3,029,940
<b>Total Liabilities</b>	<u>3,113,883</u>

**Net Assets:**

Invested in Capital Assets, Net of Related Debt	3,489,791
Unrestricted	1,088,117
<b>Total Net Assets</b>	<u>\$ 4,577,908</u>

See accompanying notes to the financial statements

**MONTGOMERY COUNTY, OHIO  
TRANSPORTATION IMPROVEMENT DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

Functions/Programs Primary Government:	Program Revenues			Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services	Capital Grants and Contributions	
Governmental Activities:				
General Government	\$ 510,824	\$ 95,000	\$ 79,854	\$ (335,970)
Total Primary Government	\$ 510,824	\$ 95,000	\$ 79,854	\$ (335,970)
General Revenues:				
Unrestricted Investment Earnings			32,947	32,947
Total General Revenues				(303,023)
Change in Net Assets				4,880,931
Net Assets - Beginning				4,577,908
Net Assets - Ending				

See accompanying notes to the financial statements

**MONTGOMERY COUNTY, OHIO**  
**TRANSPORTATION IMPROVEMENT DISTRICT**

**BALANCE SHEET -**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2005**

	<u>General</u>	<u>State Route 201/202 Project</u>	<u>Austin Centre Interchange</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 967,030	\$ -	\$ -	\$ 967,030
Receivables:				
Intergovernmental	-	205,030	3,029,940	3,234,970
Interfund Loan	393,959	-	-	393,959
<b>Total Assets</b>	<u>\$ 1,360,989</u>	<u>\$ 205,030</u>	<u>\$ 3,029,940</u>	<u>\$ 4,595,959</u>
<b>Liabilities</b>				
Liabilities				
Payable:				
Accounts	\$ 19,945	\$ 21,968	\$ 42,030	83,943
Interfund Loan	-	205,031	188,928	393,959
Deferred Revenue	-	205,030	3,029,940	3,234,970
<b>Total Liabilities</b>	<u>19,945</u>	<u>432,029</u>	<u>3,260,898</u>	<u>3,712,872</u>
<b>Fund Balances (Deficit)</b>				
Reserved for:				
Encumbrances	-	24,176	1,142	25,318
Unreserved, reported in:				
General	1,341,044	-	-	1,341,044
Capital Projects (Deficit)	-	(251,175)	(232,100)	(483,275)
<b>Total Fund Balances (Deficit)</b>	<u>1,341,044</u>	<u>(226,999)</u>	<u>(230,958)</u>	<u>883,087</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,360,989</u>	<u>\$ 205,030</u>	<u>\$ 3,029,940</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 3,489,791

Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds 205,030

***Net Assets of Governmental Activities*** \$ 4,577,908

See accompanying notes to the financial statements

**MONTGOMERY COUNTY, OHIO**  
**TRANSPORTATION IMPROVEMENT DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	State Route 201/202 Project	Austin Centre Interchange	Total Governmental Funds
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 20,866	\$ -	\$ 20,866
Charges for Services	95,000	-	-	95,000
Investment Earnings	32,947	-	-	32,947
All Other	-	26,786	-	26,786
<b>Total Revenues</b>	<b>127,947</b>	<b>47,652</b>	<b>-</b>	<b>175,599</b>
<b>Expenditures:</b>				
Current:				
General Government	276,010	-	-	276,010
Capital Outlay	-	125,597	186,724	312,321
<b>Total Expenditures</b>	<b>276,010</b>	<b>125,597</b>	<b>186,724</b>	<b>588,331</b>
Net Change in Fund Balances	(148,063)	(77,945)	(186,724)	(412,732)
Fund Balances (Deficit) - beginning	1,489,107	(149,054)	(44,234)	
Fund Balances (Deficit) - ending	<u>\$ 1,341,044</u>	<u>\$ (226,999)</u>	<u>\$ (230,958)</u>	

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

Capital Additions are reported as expenditures in governmental funds.

However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

The District only reports construction in progress with no depreciation

In the current period, this amount is:

77,507

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

32,202

***Change in Net Assets of Governmental Activities***

\$ (303,023)

See accompanying notes to the financial statements

**MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Montgomery County Transportation Improvement District (the “District”) is a body, both corporate and politic, created for the purpose of financing, constructing, maintaining, repairing and operating selected transportation projects. The District was specifically formed under Ohio Revised Code, Chapter 5540, as amended, and created by action of the Board of County Commissioners of Montgomery County on August 14, 2001.

The District is a jointly governed entity administered by a Board of Directors (“Board”) that acts as the authoritative and legislative body of the entity. The Board is comprised of seven board members, of which five are voting and two are non-voting appointed by the County and State governments. Of the seven, three are elected as officers of the District; Chair(person), Vice-Chair(person), and Secretary-Treasurer. Each Officer serves a one-year term; there are no term limits for reappointment. No Board Members receive compensation for serving on the Board.

The Board of Directors annually appoints the Chair(person) of the Board from existing Board members. The Chair responsibilities are to preside at all meetings of the Board; to be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission or business organization and to exercise supervision over the business of the District, its officers and employees.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, “*The Financial Reporting Entity*,” and amended for provisions under GASB Statement No. 34, “*The New Reporting Model – Management’s Discussion and Analysis*” in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization’s governing body and either (1) the District’s ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT*  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*DECEMBER 31, 2005*

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenue from intergovernmental agreements and interest associated with the current fiscal period is considered being susceptible to accrual and has been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

*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. The District only uses governmental funds.

*Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose 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.

**MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio and the bylaws of the District.

State Route 201/202 Project – This fund is used to account for the District’s involvement with the reconfiguration of the Interstate 70 ramps and overpasses at State Route 201 and 202 in the City of Huber Heights. The District is acting as the City’s agent for right of way acquisition and project coordination. The construction project is being handled through the Ohio Department of Transportation and was completed during 2005 although two right-of-way issues were still outstanding at year end.

Austin Centre Interchange – The District is working with local municipalities in coordination of modifying the existing overpass into a full interchange with Interstate 75. Currently, the District has finished the multi-jurisdictional land use plan while still working on completion of the financing plan. The District has initiated right of way acquisition for the project. Initial engineering work on the Byers Road realignment is underway also.

***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 thirty-one days of fiscal year-end. Under the modified accrual basis, only interest and revenue from intergovernmental agreements are considered to be both measurable and available at fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and agreements 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 specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.



*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005*

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Unearned/Deferred Revenue***

Unearned/deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue. The District also reports unearned/deferred revenue in both the governmental fund statements and government wide statements related to the financing agreement with the Dayton Port Authority (see Note 8 for more detailed information.)

***Expenses/Expenditures***

On an 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.

**D. Cash and Cash Equivalents**

Cash received by the District is pooled for investment purposes. Equity interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents” on the statement of net assets and governmental fund balance sheet by activity or fund. During fiscal year 2005, the District had no investments.

Following Ohio statutes, the Board of Directors has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2005 amount to \$32,947, no amounts were assigned from other District funds as they maintained a negative cash balance for the year.

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not purchased from the pool are reported as investments.

**E. Interfund Transactions**

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Transfers are reported as “Other Financing Sources and Uses” in the governmental funds, as “Transfers In” by the recipient fund, and “Transfers Out” by the disbursing fund.

*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005*

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

**G. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. For the District, the majority of intergovernmental revenues are derived through reimbursement contracts with participating local governments for repayment of expense incurred related to engineering or construction related projects.

**H. Reservations of Fund Balance**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. Fund equity reserves have been established for encumbrances.

**I. Net Assets**

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

**J. 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.

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Interfund Activity**

Short-term interfund loans are classified as “interfund receivables” and “interfund payables”. These amounts are eliminated in the statement of net assets.

**NOTE 2 – DEPOSIT AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. Statutes require the classification of funds held by the District into three categories.

Category 3 consists of “interim” funds – those funds not needed for immediate use, but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio);

**MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

---

**NOTE 2 – DEPOSIT AND INVESTMENTS (Continued)**

- Certain banker’s acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
- Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 it will be held to maturity. Investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, “*Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements.*”

**A. Deposits**

At year-end the carrying amount of the District’s deposits was \$967,030 and the bank balance was \$992,927. The entire bank balance was covered by federal depository insurance (category 1) or by collateral held by the District’s agent in the agent’s name (category 3).

**B. Investments**

- |            |  |
|------------|--|
| Category 1 | Insured or registered, with securities held by the District or its agent in the District’s name.   |
| Category 2 | Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the District’s name.                 |
| Category 3 | Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District’s name. |

The District had no investments at December 31, 2005.

**MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended December 31, 2005, was as follows:

	Balance 12/31/04	Increases	Decreases	Balance 12/31/05
<b>Governmental Activities</b>				
Capital Assets, not being depreciated				
Construction in Progress	\$3,412,284	\$77,507	\$0	\$3,489,791
<b>Total</b>	<b>\$3,412,284</b>	<b>\$77,507</b>	<b>\$0</b>	<b>\$3,489,791</b>

**NOTE 4 – INTERGOVERNMENTAL REVENUES**

The following entities, which are a part of the District, have contributed the following funds during 2005.

Member Name	Contribution (Budgetary Basis)
City of Huber Heights	\$115,866

**NOTE 5 – OUTSTANDING COMMITMENTS**

The District has several outstanding contracts for professional and contract services. The following amounts remain on these contracts as of December 31, 2005:

Vendor	Outstanding Balance
LJB, Inc. – Byers Road Alignment	\$50,000

**NOTE 6 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2005, the District contracted with the Brower Insurance agency for liability, property, and crime damage. Coverages provided by the company are as follows:

Professional Liability (\$5,000 deductible)	\$1,000,000
Commercial General Liability	
Each Occurrence	1,000,000
Aggregate	2,000,000
Fire Damage	100,000
Medical Expenses	5,000
Automobile Liability	1,000,000
Umbrella Excess Liability	1,000,000
Crime Insurance:	
Public Employee’s Bond (\$1,000 deductible)	50,000

**MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 6 – RISK MANAGEMENT (Continued)**

This is the District's fourth year and there have been no significant changes in coverage or claims made over the past two years.

**NOTE 7 – ACCOUNTABILITY**

At December 31, 2005, the State Route 201/202 Project and Austin Centre Interchange Capital Projects funds had deficit fund balances of \$226,999 and \$230,958 respectively. The deficits were created by application of generally accepted accounting principles. The general fund provides cash to this fund; however that does not happen until needed.

**NOTE 8 – DAYTON PORT AUTHORITY RECEIVABLE**

The District and the Dayton Port Authority (the "Port") have a vested interest in the Long Farm property in the northwest corner of the proposed Austin Centre Interchange. The District placed \$3,029,940 on deposit with the Port to enable the financing of the purchase of 121 acres that includes an equity infusion and additional unreimbursed costs. The equity infusion will be repaid as the Port sells the real property over the following amortization schedule.

<u>Fiscal Year</u>	<u>Amount Due</u>
2006	\$181,235
2007	394,096
2008	347,411
2009	357,912
2010	368,730
2011-2014	1,380,556
Total	<u>\$3,029,940</u>

**NOTE 9 - CONTIGENCIES**

The District is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position or changes in net assets of the District.

**NOTE 10 – INTERFUND TRANSACTIONS**

Interfund asset and liability balances at December 31, 2005, were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
<b>MAJOR FUNDS</b>		
General Fund	\$393,959	\$0
State Route 201/202 Project	0	205,031
Austin Centre Interchange	0	188,928
Total Major Funds	<u>\$393,959</u>	<u>\$393,959</u>

The interfund loans from the General Fund to the capital projects are expected to be reimbursed with one year incurred for project related expenditures reimbursed in the next fiscal year.

---

**NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS**

*Miami Valley Regional Planning Commission*

The Miami Valley Regional Planning Commission (MVRPC), a jointly governed organization, was established to provide coordinated planning services to the appropriate federal, state and local governments, their political subdivisions, agencies, departments, instrumentalities, and special districts, in connection with the preparation and development of comprehensive and continuing regional transportation and development plans within the MVRPC Region. MVRPC members include Montgomery, Darke, Greene, Miami, Clark, Warren and Preble Counties.

MVRPC contracts periodically for local funds and other support with the governing board of each of the governments who are members of MVRPC or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the MVRPC. This Board consists of one elected official of each City and municipal corporation, one individual selected by each City planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member City. This Board of Trustees then selects not more than ten residents of the MVRPC Region. The total membership of the Board of Trustees shall not exceed 100. Any member of MVRPC may withdraw its membership upon written notice to MVRPC be effective two years after receipt of the notice by MVRPC. The District made no payments to MVRPC during 2005. To obtain financial information, write to Gary Bellotti, Controller. To obtain financials statements of the Miami Valley Regional Planning Commission, write to MVRPC at One Dayton Center, One South Main Street, Suite 260, Dayton, Ohio 45402.

As noted on the Board of Trustees listing, Mike Robinette serves as a District Board Member and also is the Executive Director of MVRPC.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN**

**Public Employees Retirement System**

The District contributes to the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-8025 or 1-800-222- OPERS (7377).

In 2003, OPERS expanded the retirement options for covered employees. OPERS administers three separate pension plans as described below:

- The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan

**MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

---

**NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)**

- The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
  
- The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. Contributions are authorized by State statute. The contribution rates are determined actuarially. The District's required contributions to OPERS for the years ended December 31, 2005 and 2004 were \$11,408 and \$4,829. 86 percent has been contributed for 2005 and 100% for 2004 with the remainder being reported as a liability within the general fund. The District implemented the pension plan contribution during 2004 therefore only two fiscal years information is reported.

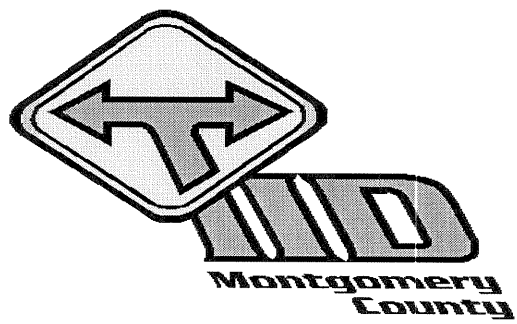
**NOTE 13 - POST EMPLOYMENT BENEFITS**

**Public Employees Retirement System (OPERS)**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 employer contribution rate was 13.55 percent of covered payroll; 4 percent was the portion that was used to fund health care for 2005.

For 2005, benefits are advanced-funded on an actuarially determined basis. The Ohio Revised Code provides the statutory authority requiring public employees to fund postretirement health care through their contributions to OPERS. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. As of December 31, 2004, the unaudited estimated net assets available for future OPEB payments were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively. At December 31, 2005, the total number of benefit recipients eligible for OPEB through OPERS was 376,109. The District's actual contributions for 2005 that were used to fund OPEB were \$4,934.





**MONTGOMERY COUNTY, OHIO**  
**TRANSPORTATION IMPROVEMENT DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental Revenue	\$ 250,000	\$ 62,500	\$ -	\$ (62,500)
Charges for Services	120,000	95,000	95,000	-
Investment Earnings	5,000	31,000	32,947	1,947
Total Revenues	<u>375,000</u>	<u>188,500</u>	<u>127,947</u>	<u>(60,553)</u>
<b>Expenditures:</b>				
Current:				
General Government	<u>273,630</u>	<u>288,380</u>	<u>282,599</u>	<u>5,781</u>
Total Expenditures	<u>273,630</u>	<u>288,380</u>	<u>282,599</u>	<u>5,781</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>101,370</u>	<u>(99,880)</u>	<u>(154,652)</u>	<u>(54,772)</u>
<b>Other Financing Uses:</b>				
Advances Out	<u>-</u>	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>
Total Other Financing Uses	<u>-</u>	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	<u>101,370</u>	<u>(599,880)</u>	<u>(154,652)</u>	<u>445,228</u>
Fund Balance Beginning of Year	<u>1,515,641</u>	<u>1,515,641</u>	<u>1,515,641</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 1,617,011</u>	<u>\$ 915,761</u>	<u>\$ 1,360,989</u>	<u>\$ 445,228</u>

Budget Basis \$ (154,652)

Revenue Accruals -  
Expenditure Accruals 6,589

GAAP Basis \$ (148,063)

See accompanying notes to the required supplementary information



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. Legally, the Ohio Revised Code does not strictly impose a requirement on the District to follow the budgetary process but the District chose to follow these laws by an act within their entity's by-laws. The major documents prepared are the estimated revenues and the appropriation resolution, both of which are prepared on the budgetary basis of accounting.

The estimated revenues and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated revenues, as certified by resolution of the District Board. All funds are required to be budgeted and appropriated. The level of budgetary control is at the fund level for the District. Any budgetary modifications at this level may only be made by resolution of the District Board.

Under the District's By-laws, revenues not specifically related to a particular fund shall be deposited into the District's General Fund. Moneys can only be transferred from the General Fund by resolution of the District Board.

1. Estimated Revenues

As part of the District's budgetary process, the Board approves the estimated revenues as part of the budget resolution. The estimated revenues resolution states the projected revenue of each fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the resolution. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the estimated revenues are amended to include any unencumbered balances from the preceding year.

*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2005*

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The estimated revenues may be further amended during the year if the Board determines an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final budget resolution issued during 2005.

2. Appropriations

An annual appropriation resolution must be passed by July 15 of the preceding year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated revenues, as certified. The allocation of appropriations among funds may be modified during the year only by a resolution of the Board. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriations in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as final budgeted amounts in the schedules of budgetary comparison represent the final appropriation amounts, including all supplemental appropriations.

3. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

4. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures are recorded when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and on the full accrual basis on the government-wide statements.

**MONTGOMERY COUNTY, OHIO**  
**TRANSPORTATION IMPROVEMENT DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**STATE ROUTE 201 AND 202 FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental Revenue	\$ 231,639	\$ 231,639	\$ 20,866	\$ (210,773)
All Other	-	30,000	29,696	(304)
Total Revenues	<u>231,639</u>	<u>261,639</u>	<u>50,562</u>	<u>(211,077)</u>
<b>Expenditures:</b>				
Current:				
Capital Outlay	<u>120,000</u>	<u>150,000</u>	<u>168,129</u>	<u>(18,129)</u>
Total Expenditures	<u>120,000</u>	<u>150,000</u>	<u>168,129</u>	<u>(18,129)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>111,639</u>	<u>111,639</u>	<u>(117,567)</u>	<u>(229,206)</u>
Fund Balance (Deficit) Beginning of Year	(111,640)	(111,640)	(111,640)	-
Fund Balance (Deficit) End of Year	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (229,207)</u>	<u>\$ (229,206)</u>

**MONTGOMERY COUNTY, OHIO**  
**TRANSPORTATION IMPROVEMENT DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
AUSTIN CENTRE INTERCHANGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental Revenue	\$ 2,945,000	\$ -	\$ -	\$ -
Total Revenues	2,945,000	-	-	-
<b>Expenditures:</b>				
Capital Outlay	-	-	216,342	(216,342)
Total Expenditures	-	-	216,342	(216,342)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,945,000	-	(216,342)	(216,342)
<b>Other Financing Sources:</b>				
Advances In	500,000	500,000	-	(500,000)
Total Other Financing Sources	500,000	500,000	-	(500,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	3,445,000	500,000	(216,342)	(716,342)
Fund Balance Beginning of Year	26,272	26,272	26,272	-
Fund Balance (Deficit) End of Year	\$ 3,471,272	\$ 526,272	\$ (190,070)	\$ (716,342)

# **STATISTICAL**



# **SECTION**



**MONTGOMERY COUNTY, OHIO**  
**TRANSPORTATION IMPROVEMENT DISTRICT**

Net Assets by Component  
Last Two Years  
*(accrual basis of accounting)*

---

---

	<u>2005</u>	<u>2004</u>
Governmental Activities		
Invested in Capital Assets, Net of Related Debt	\$ 3,489,791	\$ 3,412,284
Restricted	0	0
Unrestricted	<u>1,088,117</u>	<u>1,468,647</u>
<i>Total Governmental Activities Net Assets</i>	<u>\$ 4,577,908</u>	<u>\$ 4,880,931</u>

**MONTGOMERY COUNTY, OHIO**  
**TRANSPORTATION IMPROVEMENT DISTRICT**

Changes in Net Assets  
 Last Two Years  
*(accrual basis of accounting)*

	2005	2004
<b>Program Revenues</b>		
Governmental Activities:		
Charges for Services:		
General Government	\$ 95,000	\$ 19,490
Operating Grants and Contributions	0	0
Capital Grants and Contributions	79,854	499,506
<i>Total Governmental Activities Program Revenues</i>	<u>174,854</u>	<u>518,996</u>
<b>Expenses</b>		
Governmental Activities:		
General Government	510,824	625,444
<i>Total Governmental Activities Expenses</i>	<u>510,824</u>	<u>625,444</u>
<b>Net (Expense)/Revenue</b>		
Governmental Activities	<u>(335,970)</u>	<u>(106,448)</u>
<b>General Revenues and Other Changes in Net Assets</b>		
Governmental Activities:		
Grants and Entitlements not Restricted to Specific Programs	0	312,500
Investment Earnings	32,947	18,177
<i>Total Governmental Activities</i>	<u>32,947</u>	<u>330,677</u>
<b>Change in Net Assets</b>		
Governmental Activities	<u>\$ (303,023)</u>	<u>\$ 224,229</u>

**MONTGOMERY COUNTY, OHIO**  
**TRANSPORTATION IMPROVEMENT DISTRICT**

Fund Balances, Governmental Funds  
 Last Four Years  
*(modified accrual basis of accounting)*

	2005	2004	2003	2002
General Fund				
Reserved	\$0	\$0	\$0	\$2,400
Unreserved	1,341,044	1,489,107	1,281,788	108,773
<i>Total General Fund</i>	<u>1,341,044</u>	<u>1,489,107</u>	<u>1,281,788</u>	<u>111,173</u>
All Other Governmental Funds				
Reserved	25,318	38,857	28,873	6,744
Undesignated, Reported in:				
Capital Projects Funds (Deficit)	(483,275)	(232,145)	89,105	29,290
Total All Other Governmental Funds	<u>(457,957)</u>	<u>(193,288)</u>	<u>117,978</u>	<u>36,034</u>
<i>Total Governmental Funds</i>	<u>\$883,087</u>	<u>\$1,295,819</u>	<u>\$1,399,766</u>	<u>\$147,207</u>

\* The District's first reporting year was 2002.

**MONTGOMERY COUNTY, OHIO**  
**TRANSPORTATION IMPROVEMENT DISTRICT**

Changes in Fund Balances, Governmental Funds  
 Last Four Years  
 (modified accrual basis of accounting)

	2005	2004	2003	2002
<b>Revenues</b>				
Intergovernmental	\$20,866	\$462,582	\$6,657,876	\$304,575
Charges for Services	95,000	137,368	31,025	0
Investment Earnings	32,947	18,177	12,747	1,442
Other	26,786	199,234	700	19
<i>Total Revenues</i>	<u>175,599</u>	<u>817,361</u>	<u>6,702,348</u>	<u>306,036</u>
<b>Expenditures</b>				
Current:				
General Government	276,010	260,726	217,391	144,278
Capital Outlay	312,321	660,582	5,232,398	14,551
<i>Total Expenditures</i>	<u>588,331</u>	<u>921,308</u>	<u>5,449,789</u>	<u>158,829</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(412,732)</u>	<u>(103,947)</u>	<u>1,252,559</u>	<u>147,207</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	50,000
Transfers Out	0	0	0	(50,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(\$412,732)</u>	<u>(\$103,947)</u>	<u>\$1,252,559</u>	<u>\$147,207</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A

\* The District's first reporting year was 2002.

**MONTGOMERY COUNTY, OHIO  
TRANSPORTATION IMPROVEMENT DISTRICT**

**MISCELLANEOUS STATISTICS**

***DECEMBER 31, 2005***

---

Date of Creation	2001
County:	Montgomery
County Seat:	Dayton, Ohio
Number of Interstate Highways inside the District:	3 (Interstate 75) (Interstate 70) (Interstate 675)

Source: Transportation Improvement District



## **Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
Transportation Improvement District of Montgomery County, Ohio  
Dayton, Ohio

We have audited the financial statements of the governmental activities and each major fund of the Transportation Improvement District of Montgomery County, Ohio (the "District") as of and for the year ended December 31, 2005, and have issued our report thereon dated March 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*BKD, LLP*

March 24, 2006



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**

**MONTGOMERY 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 19, 2006**