Montgomery County, Ohio Transportation Improvement District

Single Audit Reports
Year Ended December 31, 2010

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

Dave Yost • Auditor of State

Board of Trustees
Montgomery County Transportation Improvement District
1 Chamber Plaza
Dayton, Ohio 45402

We have reviewed the *Independent Auditors' Report* of the Montgomery County Transportation Improvement District, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2010 through December 31, 2010. 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.

Dave Yost
Auditor of State

June 17, 2011

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MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2010

Federal Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number		Receipts	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION					
Passed through Ohio Department of Transportation					
ARRA - Highway Planning and Construction	79492	20.205	$	3,240,577	3,240,577
Highway Planning and Construction	79492	20.205		1,153,209	344,437
Total U.S. Department of Transportation				4,393,786	3,585,014
Total Federal Awards			$	4,393,786	3,585,014

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards has been prepared on the cash basis of accounting. The receipts include $808,772 which was spent in 2009 but not reimbursed by the funder until 2010.

NOTE B - MATCHING REQUIREMENTS

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 expenditure of non-Federal matching funds is not included on the Schedule.

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Montgomery County, Ohio Transportation Improvement District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Montgomery County, Ohio Transportation Improvement District (the District) as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 19, 2011. 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 District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described and labeled as item 2010-1 in the accompanying schedule of findings and questions to be a material weakness.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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*.

We noted certain matters that we reported to management of the District in a separate letter dated May 19, 2011.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 19, 2011

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees
Montgomery County, Ohio Transportation Improvement District:

Compliance

We have audited Montgomery County, Ohio Transportation Improvement District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal programs will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended December 31, 2010, and have issued our report thereon dated May 19, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 19, 2011

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended December 31, 2010

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	yes
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to the financial statements noted?	none

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	no

Identification of major programs:
CFDA 20.205 – Highway Planning and Construction
CFDA 20.205 – ARRA Highway Planning and Construction

Dollar threshold to distinguish between Type A and Type B Programs:	$300,000
Auditee qualified as low-risk auditee?	no

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended December 31, 2010

Section II – Financial Statement Findings

Finding 2010-1 – Audit Adjustments
During the course of our audit, we identified misstatements in the financial statements for the year under audit that were not initially identified by the District's internal control. Throughout the year, the District maintains its books and records on a cash basis of accounting and converts its financial statements at year end to generally accepted accounting principles. Audit adjustments were necessary to correct errors in the District's conversion process related to the reporting of net assets, bond issuance costs and restricted cash:

- The adjustment had no net effect on net assets but net assets invested in capital assets, net of related debt were overstated by $981,209 and net assets restricted for capital projects were understated by $265,988 resulting in an understatement of unrestricted net assets of $715,221. We recommend the District implement reporting procedures to ensure all classifications of net assets are properly reported in the financial statements.
- We also noted a misclassification of District expenditures in the amount of $556,800, as bond issue costs were improperly recorded in the capital outlay line item. We recommend the District review the posting of expenditures to ensure items are in the correct category.
- An adjustment was also necessary to correct the reporting of restricted cash in the Austin Center Interchange fund in the amount of $1,522,055. We recommend the District implement reporting procedures to ensure all classifications of cash are properly reported in the financial statements.

Management response: *The District agrees with the adjustments and has specific codes within the accounting system to properly record expenditures and restricted cash balances.*

Section III – Federal Award Findings and Questioned Costs

None

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
Schedule of Prior Year Audit Findings
Year Ended December 31, 2010

Financial Statement Findings

Finding 2009-1 – Audit Adjustments
During the course of our audit, we identified misstatements in the financial statements for the year under audit that were not initially identified by the District's internal control. Throughout the year, the District maintains its books and records on a cash basis of accounting and converts its financial statements at year end to generally accepted accounting principles. An audit adjustment was necessary to correct errors in the District's conversion process related to the reporting of net assets. The adjustment had no net effect on net assets but net assets invested in capital assets, net of related debt and net assets restricted for capital projects were understated by $1,027,307 and $763,156, respectively, while unrestricted net assets were overstated by $1,790,463. We recommend the District implement reporting procedures to ensure all classifications of net assets are properly reported in the financial statements.

Status: Audit adjustments were noted during the 2010 audit and have been reported as Finding 2010-1.

Montgomery County, Ohio
Transportation Improvement District

Austin Center Interchange with Austin Landings development on
Top left and future Motoman building on bottom left

Comprehensive Annual
Financial Report

For the Fiscal Year Ended
December 31, 2010

Montgomery County, Ohio
Transportation Improvement District

Comprehensive Annual
Financial Report

For the Fiscal Year Ended
December 31, 2010

Prepared by
Sean Fraunfelter, CPA
Finance Director

INTRODUCTORY

SECTION

Looking east with relocated Byers Road on the bottom and continuous flow intersection at State Route 741 in the upper portion. The Austin Center Interchange in the middle

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

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Montgomery County Transportation
Improvement District

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

June 1, 2011

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, 2010.

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's first projects were performed with the City of Huber Heights and Montgomery County. The District started working with the City of Huber Heights, Montgomery County and the Ohio Department of Transportation on the refinancing aspect in 2001 and finished the rebuilding of the interchanges at State Route 201 and State Route 202 in 2006. The District has seen other opportunities present themselves as the District is heavily involved in the Austin Center Interchange Project, which is discussed further below and now is working with the City of Huber Heights again on an extension of the initial project.

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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 11 to the basic financial statements.

ECONOMIC CONDITION AND MAJOR INITIATIVES

Montgomery County is the fourth largest county in Ohio with a population of 535,153 according to the 2010 Census. Its county seat and largest municipality is the City of Dayton with a population of 141,527 according to the 2010 Census. 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 Center Interchange

The District has been working 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 approved the finance plan during 2008. The governments addressed three phases of the plan. First the interchange proper, which was the overpass and approximately one thousand feet east and west of the overpass (this phase is managed by ODOT). The second phase is the relocation of Byers Road and completion of the widening from Austin Road to State Route 725. The third phase is the relocation of Austin Road to the north and widening to State Route 741 (this phase is managed by the Montgomery County Engineer). The financing plan along with Miamisburg School District approval was approved in late 2005 and has been restructured twice based on some additional financing abilities that will benefit all the parties involved.

During 2007 and 2008, the District was able to acquire all the necessary parcels and relocated some of the other residents to certify the right of way to the Ohio Department of Transportation. In January 2009, the District issued over $25 million in bond anticipation notes to make the required deposit for the construction project start as managed by the Ohio Department of Transportation. Those notes came due in October but the District was able to reduce the overall obligation by $6 million when the notes were reissued.

Engineering work was finalized in 2010 on the relocation of Byers Road to align with Wood Road at Austin Boulevard. The District certified the final right of way to ODOT during January 2010. The District bid out the construction of the Byers Road project and started construction during the summer of 2010. Austin Center Interchange opens up over 1,000 acres of developable land by 2010 in the southern portion of Montgomery County and seen significant development on both the northwest corner (Motoman) and northeast corner (Austin Landings.)

As part of the Austin Center Interchange project, the District has been involved with the development activities on the northeast corner of the interchange, "Austin Landings". This development was the first major activity adjacent to the new interchange. The District and developer entered into an agreement where the District would provide for special obligation bonds to help with the infrastructure needs and the developer agreed to construction of $54 million by 2012. The first two buildings were completed and occupied during 2010. The developer has started another building and continues to work on plans for the parking garage and a hotel in the development. All three of those buildings should be completed during 2011.

On the northwest corner, the District has been involved in providing additional access from the new Byers Road to the Motoman facility. This access road is significant as currently Motoman does not have full access from Austin Center Boulevard.

Huber Heights Project

The District was requested by the City to help evaluate the tax increment financing revenue generated along properties that were impacted by the original interchange projects the District participated in originally. As part of this agreement, the District and City have agreed to start work on future infrastructure and other transportation/public purpose related areas in the area that will open up another one hundred acres for development. The District looks to spend a significant amount of time putting this together during 2011 for the City.

INTERNAL CONTROLS

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

SIGNIFICANT FINANCIAL POLICIES

The District's revenue is tied to the construction projects that it manages. The Board has made it a policy to charge an administration on the projects the District manages. The fee policy allows for the discretion of the Board to vary from the prescribed policy if the Board and Executive Director determine the District's involvement is critical to the completion of the project. The District takes the administration fee during the issuance of bonds on the projects. The District also has made a concerted effort to keep overhead costs low by having administrative contracts with the Dayton Area Chamber of Commerce and the Butler County TID. For additional information on the District's financials please review the Management's Discussion and Analysis starting on page 3.

FACTORS AFFECTING FINANCIAL CONDITION

The District has a limited source of revenues that can be derived to help fund operations. The main sources are a state bi-annual grant of $250,000, administrative charges for project development/completion (discussed above) and interest revenue. The District's need for construction projects to help sustain the revenue stream and fund operations is great. The District annually examines the list of current projects and other projects throughout Montgomery County that can be expedited through the District's streamlined process.

The County's unemployment rate for December 2010 was 10 percent, which is down 2 percent from the 2009 rate. As the economy struggles, the District has been lucky to have partners in the County, Miami Township, Miamisburg and Springboro that are forward thinking and willingly to put their own balance sheets on the hook to finance development projects in the Austin Center Interchange area. This activity will help alleviate the financial stress reducing income taxes, property taxes and sales taxes have put on our local government partners as the anticipated development will produce significant amount of revenue in all three areas along with the City of Huber Heights looking for additional ways to increase commercial development in the community. The District continues to work with a very small operating budget in comparison to the project activity.

OTHER INFORMATION

Independent Audit

This report includes an unqualified audit report regarding the District's financial statements. Clark, Schaefer, Hackett & Co. conducted this year's audit. The Independent Auditors' 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, 2009. This was the seventh 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 2010 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. The District would also like to thank our local government partners and development partners for their dedication and drive to see projects such as Austin Center Interchange become a reality. We also want to make a special mention to our dedicated staff members, Bob Hoag, Melissa Rasnic and Maggie Pontius, for the hard work they do to help us deliver on our project commitments.

Respectfully submitted,

Executive Director | Secretary/Treasurer

MONTGOMERY COUNTY
TRANSPORTATION IMPROVEMENT DISTRICT

2010 BOARD MEMBERS

Voting	*Occupation*	*Board Member Since*
Art Meyer, Chairperson	Senior Utility Vice President, Dayton Power & Light	January 2008
Eric Cluxton, Treasurer	Managing Director, Wells Fargo Insurance Services	August 2001
Ron Budzik, Past Chairperson/Board Member	Retired Executive, MeadWestvaco	August 2005
Eloise Broner, Board Member	Good Samaritan Hospital Chief Operating Officer	January 2010
Don Porter	Retired Architect	August 2001 (Retired from Board at the end of 2010)

2010 Montgomery County
Transportation Improvement District

Board of Trustees

5 Voting appointed by County Commissioners
2 Non-Voting appointed by General Assembly

TID Executive Director

Steve Stanley

Director of Engineering

Bob Hoag

Administrative Assistant

Melissa Rasnic

DACC

Administrative Support Staff

Project Manager

Maggie Ponitus

Sebaly Shillito + Dyer

General Counsel

Butler County TID

Accounting

General Counsel

Bev Shillito

Finance Director

Sean Fraunfelter

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, 2009

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.

President

Executive Director

FINANCIAL

SECTION

The continuous flow intersection at State Route 741 and Austin Boulevard.

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Montgomery County, Ohio Transportation Improvement District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Montgomery County, Ohio Transportation Improvement District (the District) as of and for the year ended December 31, 2010, 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 applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, each major fund, and the aggregate remaining fund information of the Montgomery County, Ohio Transportation Improvement District as of December 31, 2010, 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 May 19, 2011, on our consideration of the District's internal control over financial reporting and on 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Montgomery County, Ohio Transportation Improvement District's basic financial statements. The introductory section, the budgetary comparison information on pages 33 through 35, the individual fund schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison information on pages 33 through 35 and the individual fund schedules have been subjected to the auditing procedures 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 section and statistical tables 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 19, 2011

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010. Please review it in conjunction with the basic financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The District had \$25.0 million in net assets at December 31, 2010, an increase of 26.8 percent over fiscal year 2009.
- The District had \$1.71 million in program expenses that were offset by \$6.29 million of program revenues, which was more than enough to cover the expenses.
- Governmental fund revenues were \$6.58 million for 2010 with 86.2 percent of those revenues related to reimbursements for project costs of the District.
- The General fund had a fund balance increase during 2010 while the Austin Center Interchange had a positive balance resulting from long term debt issuances and County contributions. The Austin Center Interchange fund had significant expenditures covered by bond proceeds that retired bond anticipation notes during the year. The Kingsridge Road Project fund saw a reduction as the bond proceeds were spent down.
- The District issued two special obligation bonds during the year for the Austin Center Interchange and Austin Landings projects.

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 11-12) 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 13. 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

<u>The Statement of Net Assets and the Statement of Activities</u>

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?" As the net assets increased by \$5.28 million, the answer is very much yes. The question we hope that we are answering is, "Where is the District going and are we headed in the right direction?"

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

<u>**Major Funds**</u>
General
Austin Center Interchange
Kingsridge Road Project

<u>Fund Financial Statements</u>

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 13 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 has governmental and agency 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.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The basic fiduciary fund financial statement can be found on page 15 of this report.

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 17-31 of this report.

Supplementary Information: The District presents budgetary information for the General fund in the supplementary information along with notes that described the District's budgetary process. The supplementary information can be found on pages 33-35 of this report.

Individual Fund Schedules. The individual fund budgetary versus actual schedules provide more detailed information about each individual fund for the District. These schedules can be found starting on page 36 of this report.

Statistical Information. Statistical information presents a year by year comparison of how the District is doing in several areas. This information can be found starting on page 39 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 2010 compared to 2009.

	Net Assets		
	2009	2010	Change
Current Assets and Other Assets	$12,075,722	$13,838,035	$1,762,313
Capital Assets	35,157,296	46,957,240	11,799,944
Total Assets	47,233,018	60,795,275	13,562,257
Current Liabilities	22,707,475	1,915,309	(20,792,166)
Long-Term Liabilities	4,831,776	33,905,236	29,073,460
Total Liabilities	27,539,251	35,820,545	8,281,294
Net Assets:			
Invested in Capital Assets	14,015,176	18,016,902	4,001,726
Restricted	4,045,907	3,663,800	(382,107)
Unrestricted	1,632,684	3,294,028	1,661,344
Total Net Assets	$19,693,767	$24,974,730	$5,280,963

The District recognized a significant increase in capital assets as the construction continued of the Austin Center Interchange related projects during 2010. The District is the lead financing agency for the interchange project with Ohio Department of Transportation managing the project. As part of the District's responsibilities, long term financing was taken out during the year. The District actually issued bonds for $20.34 million that were outstanding at year end. The District also issued $9.2 million for the Austin Landings project along the northeast corner of the interchange project.

Current liabilities decreased so significantly as the short term note payable outstanding during 2009 was retired through the bond issuance. The District also had less outstanding in contracts payable related to the projects.

The District also reported a significant increase (14.59%) in current assets and other assets mainly from the $1.5 million in bond issuance costs. The District spent down a significant portion of the restricted cash balance from 2009 through the various construction projects although there was still over $5.8 million in unspent bond proceeds at December 31, 2010 between all the projects.

The following tables look at the change in the District's revenues and expenses from 2009 to 2010.

Statement of Activities

	2009	2010	Change
Program Revenues:			
Charges for Services	$0	$536,542	$536,542
Capital Grants	5,204,416	5,755,285	550,869
General Revenues:			
Unrestricted Grants	608,272	500,000	(108,272)
Interest	50,944	13,384	(37,560)
Other	150,766	184,600	33,834
Total Revenue	6,014,398	6,989,811	975,413
Program Expenses			
General Government	1,716,604	554,111	(1,162,493)
Interest and Fiscal Charges	1,134,615	1,154,737	20,122
Total Expenses	2,851,219	1,708,848	(1,142,371)
Change in Net Assets	3,163,179	5,280,963	$2,117,784
Beginning Net Assets	16,530,588	19,693,767	
Ending Net Assets	$19,693,767	$24,974,730	

The large change in revenues from 2009 to 2010 in charges for services was from the District receiving administration fees from local governments as part of the two bond issuances. During 2010, the District received reimbursements related to the Byers Road project (recorded in the Austin Center Interchange fund) and those reimbursements were similar to the prior year although for 2010 those were all related to the construction project and came from three difference funding sources. Unrestricted Grants decreased as the District only received the Ohio Department of Development grant funds; whereas, Montgomery County has contributed operating funds in 2009.

The District reduced the general government expenses by having more expenses capitalized into the construction projects as 2009 saw a significant amount ($1.2 million) of capital expenditures that were not capitalizable under the District's capitalization policy.

THE DISTRICT'S FUNDS

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

General	$1,498,964
Austin Center Interchange	8,015,902
Kingsridge Road Project	880,315

The general fund balance is used to fund the other projects until certain financing obligations are received. The general fund saw an increase of $0.36 million as the District received the 2009 allocation and the 2010 allocation of Ohio Department of Development operating fund during 2010 while also receiving an administration fee on the bond issuances. The Austin Center Interchange project saw a fund balance increase of $21.3 million mainly resulting from the $29.54 million in bonds issued during the year. The District expended construction dollars on the various projects in the Austin Center area of $12.74 million through the use of those bond proceeds.

The Kingsridge Road project continues to see a reduction in fund balance as the bond proceeds are being spent down on the project. The District issued $4.88 million in special obligations bonds to help finance the construction project during 2008. The construction was completed in 2009 to coordinate with the opening of a new Wal-Mart between the Dayton Mall and Interstate 675. The project has a couple remaining right of way issues then can be closed out.

The District expended $15.35 million during 2010 down significantly from 2009's expenditures of $23.40 million. 96.59 percent of the 2010 capital outlay amount was capitalized for the District's infrastructure projects.

<u>Original and Final Budgets – General Fund</u>

The original budget was prepared in July 2009 when the District was finalizing the project financing. The budget actually increased certain project fees expected by the end of 2009 (when the budget was completed) as they were pushed into 2010 (**Charges for Services increased $400,000).** The District received two funding years from the ODOD grant in 2010 (**Intergovernmental Revenue increased $250,000).**

The District increased final budget expenditures by 23% as the District brought on one staff member during the year and increased professional services to help with the workload.

<u>Final versus Actual Budget – General Fund</u>

The only variance in the final revenue figures was the District receiving less interest than expected although final expenditures actually exceeded the final budget as the District paid several invoices before the end of year that weren't anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District capitalized $12.21 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 issued two bonds during the year totaling $29.54 million for projects in the Austin Center area. The $20.34 million bond for the Austin Center Interchange was used to retire the outstanding notes payable from 2009. For more information, see notes 8 and 9 of the financial statements.

ECONOMIC FACTORS

The District was created to operate on a countywide basis. In the winter, the staff and Trustees met to discuss and reprioritize projects. The District updated the list of needed projects that covers the various areas of the county during the 2010 retreat. The County is divided by one of the major north-south interstates in the country and is a prime location for midwest companies to locate.

With the District's continued main focus on Austin Center area to the south of the City of Dayton, the District opened the project in the summer of 2010. The area surrounding the interchange is under contract and a developer is working on a large scale master plan to provide for future development around the interchange. The District, County and other local governments have made it a priority to get this project to the point of construction and make sure the communities will benefit from the development that is expected.

The District continues to evaluate the northern, eastern and western corridors of Montgomery 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.

The Austin Center Interchange under construction in September 2009 looking north. The northeast corner has started construction will be critical to the repayment of bonds issued to help facilitate the development.

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, 2010

Assets:		
Current Assets:		
Cash and Cash Equivalents	$	1,997,863
Restricted Cash and Cash Equivalents		5,421,130
Intergovernmental Receivable		1,091,835
Intergovernmental Loan Receivable		3,397,812
Total Current Assets		11,908,640
Noncurrent Assets:		
Deferred Charges		1,929,395
Capital Assets - Construction in Progress		46,957,240
Total Noncurrent Assets		48,886,635
Total Assets		60,795,275
Liabilities:		
Current Liabilities:		
Accounts Payable		54,295
Contracts Payable		921,683
Accrued Interest Payable		134,331
Current Portion of Special Obligation Bonds Payable		805,000
Total Current Liabilities		1,915,309
Noncurrent Liabilities:		
Special Obligation Bonds Payable		33,905,236
Total Liabilities		35,820,545
Net Assets:		
Invested in Capital Assets, Net of Related Debt		18,016,902
Restricted for:		
Capital Improvements		3,663,800
Unrestricted		3,294,028
Total Net Assets	$	24,974,730

See accompanying notes to the financial statements

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

		Program Revenues		Net (Expense) Revenue and Change in Net Assets
				Primary Government
Functions/Programs	**Expenses**	**Charges for Services**	**Capital Grants and Contributions**	**Governmental Activities**
Primary Government:				
Governmental Activities:				
General Government	$ 554,111	$ 536,542	$ 5,336,547	$ 5,318,978
Interest and Fiscal Charges	1,154,737	-	418,738	(735,999)
Total Primary Government	$ 1,708,848	$ 536,542	$ 5,755,285	4,582,979
General Revenues:				
Grants and Contributions not Restricted to Specific Programs				500,000
Unrestricted Investment Earnings				13,384
Miscellaneous				184,600
Total General Revenues				697,984
Change in Net Assets				5,280,963
Net Assets - Beginning				19,693,767
Net Assets - Ending				$ 24,974,730

See accompanying notes to the financial statements

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Austin Center Interchange	Kingsridge Road Project	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	$ 1,528,503	$ -	$ 469,360	$ 1,997,863
Receivables:				
Intergovernmental	-	1,091,835	-	1,091,835
Loan	-	3,397,812	-	3,397,812
Restricted Assets:				
Cash and Cash Equivalents	-	5,009,975	411,155	5,421,130
Total Assets	$ 1,528,503	$ 9,499,622	$ 880,515	$ 11,908,640
Liabilities				
Payable:				
Accounts	$ 29,539	$ 24,556	$ 200	54,295
Contracts	-	921,683	-	921,683
Deferred Revenue	-	537,481	-	537,481
Total Liabilities	29,539	1,483,720	200	1,513,459
Fund Balances				
Reserved for:				
Loans Receivable	-	3,397,812	-	3,397,812
Unreserved, reported in:				
General	1,498,964	-	-	1,498,964
Capital Projects	-	4,618,090	880,315	5,498,405
Total Fund Balances	1,498,964	8,015,902	880,315	10,395,181
Total Liabilities and Fund Balances	$ 1,528,503	$ 9,499,622	$ 880,515	

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.	46,957,240
Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	537,481
Issuance costs associated with long term debt are not financial resources and, therefore, are not reported in the funds.	1,929,395
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(34,844,567)
Net Assets of Governmental Activities	$ 24,974,730

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, 2010

	General	Austin Center Interchange	Kingsridge Road Project	Total Governmental Funds
Revenues:				
Intergovernmental	$ 500,000	$ 5,227,387	$ 114,969	$ 5,842,356
Charges for Services	400,000	136,542	-	536,542
Investment Earnings	1,943	11,039	402	13,384
All Other	6,250	178,350	-	184,600
Total Revenues	908,193	5,553,318	115,371	6,576,882
Expenditures:				
Current:				
General Government	546,725	-	-	546,725
Capital Outlay	-	12,180,413	36,052	12,216,465
Debt Service:				
Principal	-	-	5,000	5,000
Interest	-	796,136	219,937	1,016,073
Issuance Costs	-	1,560,787	-	1,560,787
Total Expenditures	546,725	14,537,336	260,989	15,345,050
Excess (Deficiency) of Revenues Over (Under) Expenditures	361,468	(8,984,018)	(145,618)	(8,768,168)
Other Financing Sources:				
Proceeds from Sale of Assets	-	409,135	-	409,135
Premium on Sale of Bonds	-	341,155	-	341,155
Proceeds from Sale of Bonds	-	29,535,000	-	29,535,000
Total Other Financing Sources	-	30,285,290	-	30,285,290
Net Change in Fund Balances	361,468	21,301,272	(145,618)	21,517,122
Fund Balances - beginning	1,137,496	(13,285,370)	1,025,933	
Fund Balances - ending	$ 1,498,964	$ 8,015,902	$ 880,315	

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:	12,209,079
In the statement of activities, the loss of disposal of capital assets is reported. Conversly, governmental funds do not report any gain or loss on the disposal of capital assets.	(409,135)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	412,929
In the statement of activities, interest is accrued on outstanding bonds; whereas, in governmental funds, interest is expensed when due. In the statement of activities, issuance costs are amortized over the useful but in governmental funds they are expensed when paid. In the current year, this is impact of both items:	1,422,123
The issuance of long term debt provides current financial resources to governmental funds, then the repayment reduces long-term liabilities in the statement of net assets. In the current year, this amount is:	(29,871,155)
Change in Net Assets of Governmental Activities	$ 5,280,963

See accompanying notes to the financial statements

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2010

	Advocacy Agency Fund
Assets:	
Cash and Cash Equivalents	$ 26,443
Total Assets	26,443
Liabilities:	
Due to Other Governments	26,443
Total Liabilities	$ 26,443

See accompanying notes to the basic financial statements

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 Trustees ("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 Trustees 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, "*Basic Financial Statements – and 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.

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. The District has chosen to present all funds as major funds.

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 uses governmental and agency 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.

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.

Austin Center Interchange – The District is working with local municipalities in coordination of modifying the existing overpass into a full interchange with Interstate 75. The main construction on the interchange project has been completed and was opened to the public during the 2010 year. The District is continuing to work on the landscaping around the interchange, as well as, several other projects. One of those projects is the Byers Road relocation and widening which is under construction now. The District also is working on the Austin Landings project that will bring significant development into the area.

Kingsridge Road Project – The District is working with Miami Township to improve certain infrastructure around the Dayton Mall and surrounding area. Currently, the project has been completed and the District is finalizing the right of way appropriation cases. The improvements have been very successful in helping the traffic flow around the Dayton Mall and new Walmart store.

Additionally, the District reports the following fund type:

Fiduciary Funds
Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: private purpose trust funds, pension trust funds, investment trust funds and agency funds. The District maintains one fiduciary agency fund: Advocacy fund that accounts for the collection and distribution of monies used for legislative matters in the State of Ohio and Federal Government. The District's agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Deferred Revenue

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.

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.

Cash and Cash Equivalents

Cash received by the District is held for operating and construction purposes. Cash related to operating purposes is presented as “Cash and Cash Equivalents” on the statement of net assets and governmental fund balance sheet by activity or fund. The District also maintains cash for construction purposes that was obtained through a bond issuance and grants from Montgomery County. The cash related to those purposes is presented as “Restricted Cash and Cash Equivalents.” During fiscal year 2010, the District only had money market mutual fund investments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following Ohio statutes, the Board of Trustees has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2010 amount to $1,943, no amounts were assigned from other District funds as they receive interest from the restricted cash sources. The Austin Center Interchange and Kingsridge Road Project also received interest in the restricted construction account of $11,039 and $402.

Capital Assets

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.

Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants and 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.

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. The reserve for loans receivable is the required contribution under the agreement with the Dayton/Montgomery County Port Authority regarding the purchase of 121 acres along the Austin Interchange project.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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. The District may invest 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);

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.

A. Deposits

At fiscal year-end, the carrying value of the District's deposits was $7,331,513 and the bank balance was $7,414,513. $250,000 of the District's deposits was insured by federal depository insurance. Based on criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2010, $7,164,513 of the District's bank balance of $7,414,513 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

B. Investments

As of December 31, 2010, the District had $113,923 in money market mutual funds investments.

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

NOTE 2 – DEPOSIT AND INVESTMENTS (Continued)

Credit Risk - The District has no investment policy that would further limit its investment choices. The First American Treasury Market fund carries a Aaa from Moodys. The Fifth Third Government Money Market carries a AAA rating.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2010, was as follows:

	Balance 12/31/09	Increases	Decreases	Balance 12/31/10
Governmental Activities				
Capital Assets, not being depreciated				
Construction in Progress	$35,157,296	$12,209,079	$409,135	$46,957,240
Total	$35,157,296	$12,209,079	$409,135	$46,957,240

The District's decrease in construction in progress relates to sale of land acquired as part of the Long Farm purchase that was necessary for both the Austin Interchange and Byers Road construction projects. A portion of the that land was sold to a major user at the northwest corner of the interchange project.

NOTE 4 – INTERGOVERNMENTAL REVENUES

The following entities, which are a part of the District, have contributed the following funds during 2010.

Member Name	Contribution (Modified Accrual Basis)
Ohio Department of Transportation	$4,637,118
Montgomery County	777,500
Miami Township	334,045
City of Miamisburg	13,500
City of Springboro	80,193
Total Intergovernmental Revenue	$5,842,356

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, 2010:

Vendor	Outstanding Balance
Kelchner - Work on SW retention pond/Austin Landings	$1,329,475
Fechko – Work on Byers Road	2,742,115

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 2010, 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

There have been no significant changes in coverage or claims made over the past three years and there has been no significant reduction in insurance coverage from last year. Settled claims have not exceeded this commercial coverage in the past three years.

NOTE 7 – DAYTON PORT AUTHORITY LOAN 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 Port's first debt service payment came due on November 14, 2006, and the District made the payment as a developer has not been selected at this point. The District through an intergovernmental agreement agreed to pay this payment and record it as debt service on behalf of the Port. The payment of $367,872 increased the equity infusion the District made initially and will be repaid at the end of the term or when the property is sold. The equity infusion will be repaid as the Port sells the real property over the following amortization schedule.

Fiscal Year	Amount Due
2011	$2,029,248
2012	391,357
2013	403,195
2014	574,012
Total	$3,397,812

NOTE 7 – DAYTON PORT AUTHORITY LOAN RECEIVABLE (Continued)

During 2010, the Port continued negotiations with the developer. The balance due from the Port to the District will be paid upon closing of the sale of the property with the developer. During 2010, a portion of the land was sold to a company locating in the northwest corner. The proceeds from the sale were applied to the Port's debt service through agreement with the District. The Port and District continue to work on selling the remaining acres during 2011.

NOTE 8 – LONG TERM LIABILITIES

The changes in the District's long-term obligations (non-current liabilities) during the year consist of the following:

	Obligation Outstanding 12/31/09	Additions	Reductions	Obligation Outstanding 12/31/10	Amounts Due in One Year
Governmental Activities					
1 - Special Obligation Bonds	$4,880,000	$0	($5,000)	$4,875,000	$200,000
Bond Discount	(43,224)	0	2,305	(40,919)	0
2 - Special Obligation Bonds	0	20,335,000	0	20,335,000	445,000
Bond Premium	0	341,155	0	341,155	0
3 - Special Obligation Bonds	0	9,200,000	0	9,200,000	160,000
Total	$4,836,776	$29,876,155	($2,695)	$34,710,236	$805,000

1 - Special Obligation Bonds - On September 4, 2008, the District issued $4,885,000 in special obligation bonds for the purpose of the Kingsridge Drive project. The bonds were issued for a twenty year period with a final maturity of December 1, 2028. The bonds will be retired from the TIF revenues pledged by Miami Township in the Kingsridge Drive Project fund and pay interest at rates ranging from 2.25% to 5%.

The District had pledged all intergovernmental revenues from Miami Township's tax increment financing revenues to repay the $4.89 million special obligation bonds. The bonds are solely payable from revenues assigned from Miami Township to the District as part of the funding agreement between the two parties. Total principal and interest remaining on the bonds is $7,323,948 through December 2023. There was nothing received from the agreement and $5,000 was paid during the current year on the outstanding bonds.

NOTE 8 – LONG TERM LIABILITIES (Continued)

The amortization on the Kingsridge Drive special obligations bonds were as follows:

	1 – Special Obligation Bonds		
Fiscal Year Ending December 31,	Principal	Interest	Total
2011	$200,000	$219,800	$419,800
2012	200,000	212,800	412,800
2013	200,000	205,800	405,800
2014	200,000	198,300	398,300
2015	220,000	190,300	410,300
2016-2020	1,215,000	807,194	2,022,194
2021-2025	1,530,000	501,754	2,031,754
2026-2028	1,110,000	113,000	1,223,000
Totals	$4,875,000	$2,448,948	$7,323,948

2 - Special Obligation Bonds - On July 30, 2010, the District issued $20,335,000 in special obligation bonds for the purpose of the constructing the Austin Center Interchange project. The bonds were issued for a twenty-three year period with a final maturity of December 1, 2033. The bonds will be retired from the TIF revenues pledged by Miami Township, the City of Miamisburg and the City of Springboro in the project area and pay interest at rates ranging from 2% to 5%.

The District had pledged all intergovernmental revenues from local government's tax increment financing revenues to repay the $20.34 million special obligation bonds. The bonds are solely payable from revenues assigned from local governments to the District as part of the funding agreement between the parties. Total principal and interest remaining on the bonds is $32,398,630 through December 2033. The District received $281,270 for the first interest payment from Miami Township and the City of Springboro during the year for the initial interest payment.

The amortization on the Austin Center Interchange special obligations bonds were as follows:

	2 – Special Obligation Bonds		
Fiscal Year Ending December 31	Principal	Interest	Total
2011	$445,000	$836,835	$1,281,835
2012	585,000	827,935	1,412,935
2013	595,000	816,235	1,411,235
2014	610,000	801,360	1,411,360
2015	645,000	770,860	1,415,860
2016-2020	3,675,000	3,394,375	7,069,375
2021-2025	4,445,000	2,628,830	7,073,830
2026-2030	5,445,000	1,632,150	7,077,150
2031-2033	3,890,000	355,050	4,245,050
Totals	$20,335,000	$12,063,630	$32,398,630

NOTE 8 – LONG TERM LIABILITIES (Continued)

3 - Special Obligation Bonds - On March 16, 2010, the District issued $9,200,000 in special obligation bonds under the economic recovery zone classification for the purpose of the constructing the Austin Landings project. The bonds were issued for a nineteen year period with a final maturity of December 1, 2029. The bonds will be retired from the TIF revenues pledged by Miami Township from the development area and pay interest at rates ranging from 2% to 6.625%. The bonds are split between taxable and recovery zone economic development bonds with the District receiving a forty-five percent tax credit for the interest payments that is used to help the Township reduce the debt payments.

The District had pledged all intergovernmental revenues from Township's tax increment financing revenues to repay the $9.2 million special obligation bonds. The bonds are solely payable from revenues assigned from Township to the District as part of the funding agreement between the parties. Total principal and interest remaining on the bonds is $15,724,975 through December 2029. The District received no revenue during 2010 related to the payments.

The amortization on the Austin Landings special obligations bonds were as follows:

	3 – Special Obligation Bonds		
Fiscal Year Ending December 31	Principal	Interest	Total
2011	$160,000	$503,334	$663,334
2012	240,000	500,134	740,134
2013	350,000	494,734	844,734
2014	360,000	484,234	844,234
2015	370,000	471,632	841,632
2016-2020	2,105,000	2,105,746	4,210,746
2021-2025	2,740,000	1,473,588	4,213,588
2026-2029	2,875,000	491,574	3,366,574
Totals	$9,200,000	$6,524,975	$15,724,975

NOTE 9 – SHORT TERM NOTES PAYABLE

A summary of the short-term transactions for the year ended December 31, 2010, follows:

Fund Type	Balance 12/31/2009	Increase	Decrease	Balance 12/31/2010
Governmental Type Activities:				
Austin Center Interchange	$18,940,000	$0	$18,940,000	$0

On November 3, 2009, the District issued Special Obligation Notes for $18,940,000 to pay off the earlier issued notes and use the remaining balance for the construction of the Austin Center Interchange. The notes were repaid on August 1, 2010 through the long term bond issuance.

NOTE 10 - 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 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 paid $1,000 to MVRPC during 2010. 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.

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) 222-5601 or 1-800-222- OPERS (7377).

NOTE 12 – DEFINED BENEFIT PENSION PLAN

OPERS administers three separate pension plans as described below:

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

- 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 10 percent of their annual covered salary to fund pension obligations with the employer portion at 14 percent. 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, 2010, 2009, and 2008 were $21,721, $19,616, and $20,911. 76 percent has been contributed for 2010 and 100% for 2009 and 2008 with the remainder being reported as a liability within the general fund.

NOTE 13 - POST EMPLOYMENT BENEFITS

Public Employees Retirement System (OPERS)
The Ohio Public Employees Retirement System (OPERS) provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate 14.00% of covered payroll. The Ohio Revised Code currently limits the employer contribution rate to a rate not to exceed 14.00% of the covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS's Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 5.50% from January 1 through February 28, 2010 and 5% from March 1 to December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts very depending on the number of covered dependents and the coverage selected.

NOTE 13 - POST EMPLOYMENT BENEFITS (Continued)

The District's actual contributions that were used to fund post employment benefits for 2010, 2009, and 2008 were $12,085; $12,236; and $12,793, respectively.

The Health Care Preservation Plan (HCCP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 each year from 2006 to 2008, which allowed funds to be allocated to the health care plan.

NOTE 14 – COMPLIANCE

The General Fund had expenditures plus encumbrances that exceed appropriations by $20,382.

SUPPLEMENTARY
INFORMATION

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, 2010

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental Revenue	$ 250,000	$ 500,000	$ 500,000	$ -
Charges for Services	-	400,000	400,000	-
Investment Earnings	10,000	8,000	1,943	(6,057)
All Other	-	6,250	6,250	-
Total Revenues	260,000	914,250	908,193	(6,057)
Expenditures:				
Current:				
General Government	433,405	532,905	553,287	(20,382)
Total Expenditures	433,405	532,905	553,287	(20,382)
Net Change in Fund Balances	(173,405)	381,345	354,906	(26,439)
Fund Balance Beginning of Year	1,173,597	1,173,597	1,173,597	-
Fund Balance End of Year	$ 1,000,192	$ 1,554,942	$ 1,528,503	$ (26,439)

Budget Basis	$ 354,906
Expenditure Accruals	6,562
GAAP Basis	$ 361,468

See accompanying notes to the 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.

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 2010.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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)
AUSTIN CENTER INTERCHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental Revenue	$ 1,727,000	$ 4,894,769	$ 5,484,055	$ 589,286
Local Contributions	-	-	136,542	136,542
Investment Earnings	1,000	10,000	11,039	1,039
All Other	-	112,700	178,350	65,650
Total Revenues	1,728,000	5,017,469	5,809,986	792,517
Expenditures:				
Capital Outlay	6,532,000	18,652,000	15,422,863	3,229,137
Debt Service:				
Principal Retirement	18,940,000	18,940,000	18,940,000	-
Interest and Fiscal Charges	350,000	2,151,787	1,871,793	279,994
Total Expenditures	25,822,000	39,743,787	36,234,656	3,509,131
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,094,000)	(34,726,318)	(30,424,670)	4,301,648
Other Financing Sources:				
Proceeds from Sale of Assets	-	409,000	409,135	135
Face Value from Sale of Bonds	18,940,000	30,640,000	29,535,000	(1,105,000)
Premium on Sale of Bonds	-	341,000	341,155	155
Total Other Financing Sources	18,940,000	31,390,000	30,285,290	(1,104,845)
Net Change in Fund Balances	(5,154,000)	(3,336,318)	(139,380)	3,196,803
Fund Balance - Beginning of Year	5,149,355	5,149,355	5,149,355	-
Fund Balance (Deficit) - End of Year	$ (4,645)	$ 1,813,037	$ 5,009,975	$ 3,196,938

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
KINGSRIDGE PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental Revenue	$ -	$ -	$ 114,969	$ 114,969
Investment Earnings	-		402	402
Total Revenues	-	-	115,371	115,371
Expenditures:				
Capital Outlay	880,000	318,883	39,632	279,251
Debt Service:				
Principal Retirement	5,000	5,000	5,000	-
Interest and Fiscal Charges	145,000	219,937	219,937	-
Total Expenditures	1,030,000	543,820	264,569	279,251
Net Change in Fund Balances	(1,030,000)	(543,820)	(149,198)	394,622
Fund Balance - Beginning of Year	1,029,713	1,029,713	1,029,713	-
Fund Balance (Deficit) - End of Year	$ (287)	$ 485,893	$ 880,515	$ 394,622

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Balance December 31, 2009	Additions	Deletions	Balance December 31, 2010
Assets:				
Cash and Cash Equivalents	$11,924	$82,519	$68,000	$26,443
Total Assets	$11,924	$82,519	$68,000	$26,443
Liabilities:				
Due to Other Governments	11,924	82,519	68,000	26,443
Total Liabilities	$11,924	$82,519	$68,000	$26,443

STATISTICAL

SECTION

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT
STATISTICAL SECTION DESCRIPTIONS
DECEMBER 31, 2010

This part of the District's report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the District's overall financial health.

<u>**Contents**</u>

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

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

	2010	2009	2008	2007	2006	2005	2004
Governmental Activities							
Invested in Capital Assets, Net of Related Debt	$ 18,016,902	$ 14,015,176	$ 11,358,499	$ 4,609,921	$ 3,571,394	$ 3,489,791	$ 3,412,284
Restricted	3,663,800	4,045,907	4,422,178	3,397,812	3,397,812	-	-
Unrestricted	3,294,028	1,632,684	749,911	694,291	876,348	1,088,117	1,468,647
Total Governmental Activities Net Assets	$ 24,974,730	$ 19,693,767	$ 16,530,588	$ 8,702,024	$ 7,845,554	$ 4,577,908	$ 4,880,931

NOTE: The District's first year reporting under GASB 34 was 2004.

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

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

	2010	2009	2008	2007	2006	2005	2004
Program Revenues							
Governmental Activities:							
Charges for Services:							
General Government	$ 536,542	$ -	$ 160,625	$ 13,625	$ -	$ 95,000	$ 19,490
Capital Grants and Contributions	5,755,285	5,204,416	11,602,053	1,488,210	449,750	79,854	499,506
Total Governmental Activities Program Revenues	6,291,827	5,204,416	11,762,678	1,501,835	449,750	174,854	518,996
Expenses							
Governmental Activities:							
General Government	554,111	1,716,604	869,574	569,382	565,258	510,824	625,444
Intergovernmental	-	-	3,164,998	-	-	-	-
Interest and Fiscal Charges	1,154,737	1,134,615	55,924	367,872	367,872	-	-
Total Governmental Activities Expenses	1,708,848	2,851,219	4,090,496	937,254	933,130	510,824	625,444
Net (Expense)/Revenue							
Governmental Activities	4,582,979	2,353,197	7,672,182	564,581	(483,380)	(335,970)	(106,448)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Grants and Entitlements not Restricted to Specific Programs	500,000	608,272	141,728	250,000	312,500	-	312,500
Investment Earnings	13,384	50,944	12,154	31,805	40,704	32,947	18,177
Other	184,600	150,766	2,500	10,084	10	-	-
Total Governmental Activities	697,984	809,982	156,382	291,889	353,214	32,947	330,677
Change in Net Assets							
Governmental Activities	$ 5,280,963	$ 3,163,179	$ 7,828,564	$ 856,470	$ (130,166)	$ (303,023)	$ 224,229

NOTE: The District's first year reporting under GASB 34 was 2004.

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund									
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,400
Unreserved	1,498,964	1,137,496	1,015,355	1,163,277	1,345,279	1,341,044	1,489,107	1,281,788	108,773
Total General Fund	1,498,964	1,137,496	1,015,355	1,163,277	1,345,279	1,341,044	1,489,107	1,281,788	111,173
All Other Governmental Funds									
Reserved	3,397,812	3,397,812	3,397,812	3,397,812	3,397,812	25,318	38,857	28,873	6,744
Undesignated, Reported in:									
Capital Projects Funds (Deficit)	5,498,405	(15,657,249)	1,827,801	(527,976)	(534,720)	(483,275)	(232,145)	89,105	29,290
Total All Other Governmental Funds	8,896,217	(12,259,437)	5,225,613	2,869,836	2,863,092	(457,957)	(193,288)	117,978	36,034
Total Governmental Funds	$ 10,395,181	$(11,121,941)	$ 6,240,968	$ 4,033,113	$ 4,208,371	$ 883,087	$ 1,295,819	$ 1,399,766	$ 147,207

* The District's first reporting year was 2002.

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues									
Intergovernmental	$ 5,842,356	$ 5,832,602	$ 11,641,900	$ 1,377,137	$ 901,491	$ 20,866	$ 462,582	$ 6,657,876	$ 304,575
Charges for Services	536,542	-	160,625	13,625	-	95,000	137,368	31,025	-
Investment Earnings	13,384	50,944	28,559	31,805	40,704	32,947	18,177	12,747	1,442
Other	184,600	150,766	2,500	377,956	10	26,786	199,234	700	19
Total Revenues	6,576,882	6,034,312	11,833,584	1,800,523	942,205	175,599	817,361	6,702,348	306,036
Expenditures									
Current:									
General Government	546,725	490,227	462,429	425,938	348,979	276,010	260,726	217,391	144,278
Capital Outlay	12,216,465	21,790,747	10,390,150	1,181,971	297,882	312,321	660,582	5,232,398	14,551
Intergovernmental	-	-	3,164,998	-	-	-	-	-	-
Debt Service:									
Principal	5,000	5,000	-	-	-	-	-	-	-
Issuance Costs	1,016,073	214,035	421,266	-	-	-	-	-	-
Interest	1,560,787	897,212	25,781	367,872	367,872	-	-	-	-
Total Expenditures	15,345,050	23,397,221	14,464,624	1,975,781	1,014,733	588,331	921,308	5,449,789	158,829
Excess of Revenues Over (Under) Expenditures	(8,768,168)	(17,362,909)	(2,631,040)	(175,258)	(72,528)	(412,732)	(103,947)	1,252,559	147,207
Other Financing Sources (Uses)									
Sale of Assets	409,135	-	-	-	-	-	-	-	-
Face Value from Sale of Bonds	29,535,000	-	4,885,000	-	-	-	-	-	-
Premium/(Discount) on Sale of Bonds	341,155	-	(46,105)	-	-	-	-	-	-
Transfers In	-	30,401	-	51,578	-	-	-	-	50,000
Transfers Out	-	(30,401)	-	(51,578)	-	-	-	-	(50,000)
Total Other Financing Sources (Uses)	30,285,290	-	4,838,895	-	-	-	-	-	-
Net Change in Fund Balances	$ 21,517,122	$ (17,362,909)	$ 2,207,855	$ (175,258)	$ (72,528)	$ (412,732)	$ (103,947)	$ 1,252,559	$ 147,207
Debt Service as a Percentage of Noncapital Expenditures	44.2%	31.8%	0.6%	39.2%	39.4%	N/A	N/A	N/A	N/A

* The District's first reporting year was 2002.

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Revenue Bond Coverage - Kingsridge Road Project
Special Obligation Bonds
Last Three Fiscal Years

Year	Gross Revenue (1)	Debt Service Requirement (2)	Coverage
2008	-	-	NA
2009	-	278,229	NA
2010	114,969	224,937	51.11%

Source: District's records

(1) The District receives intergovernmental revenue from Miami Township, Montgomery County.

(2) The 2008-2010 debt service payments were funded through capitalized interest issued in the bond amount.

SOURCE: District's financial records

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Revenue Bond Coverage - Austin Center Interchange Project
Special Obligation Bonds
Last Fiscal Year

Year	Gross Revenue (1)	Debt Service Requirement	Coverage
2010	281,270	281,270	100.00%

Source: District's records

(1) The District receives intergovernmental revenue from Miami Township, Montgomery County and the Cities of Miamisburg and Springboro.

SOURCE: District's financial records

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Revenue Bond Coverage - Austin Landings Project
Special Obligation Bonds
Last Fiscal Year

Year	Gross Revenue (1)	Debt Service Requirement (2)	Coverage
2010	-	356,528	NA

Source: District's records

(1) The District receives intergovernmental revenue from Miami Township, Montgomery County.

(2) The 2010-2011 debt service payments were funded through capitalized interest issued in the bond amount.

SOURCE: District's financial records

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Top Ten Principal Employers
Last year and Four Years ago

2009

Employer	
Wright-Patterson Air Force Base	25,000
Premier Health Partners Inc.	14,269
Kettering Health Network	8,317
Montgomery County	3,787
Miami University	3,565
Wright State University	3,300
Kroger Co	3,000
LexisNexis	3,000
Honda of America Manufacturing	2,800
Dayton Public Schools	2,650

2006

Employer	
Wright-Patterson Air Force Base	22,000
Premier Health Partners Inc.	12,291
Kettering Health Network	5,461
Delphi Corp	5,300
Montgomery County	4,840
Dayton Public Schools	4,000
GM Moriane Assembly Plant	3,209
Kroger Co	3,000
Lexis Nexis	3,000
AK Steel	3,000

Source: Montgomery County Annual Financial Report
Note: This information was most recently available information and nothing beyond 2006 could be gathered for the time the District has been in operation.

Demographic Statistics
Last Nine Years

YEAR	POPULATION (1)	UNEMPLOYMENT RATE MONTGOMERY COUNTY (2)	PERSONAL INCOME (3)	PER CAPITA PERSONAL INCOME
2002	554,470	5.8%	$ 16,810,295,000	$ 30,318
2003	552,187	6.2%	16,882,037,000	30,573
2004	550,063	6.2%	16,981,109,000	30,871
2005	547,435	6.1%	17,511,898,000	31,989
2006	542,237	5.7%	18,219,910,000	33,601
2007	538,104	6.2%	19,006,005,000	35,320
2008	534,626	6.6%	19,266,895,000	34,732
2009	532,562	12.0%	Not Available	Not Available
2010	535,153	10.0%	Not Available	Not Available

(1) SOURCE: Montgomery County Annual Financial Report and 2010 from the Census
(2) SOURCE: Ohio Labor Market Information, Ohio Department of Job and Family Services
(3) SOURCE: Montgomer County Annual Financial Report

* The District's first reporting year was 2002.

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Full-Time Equivalent Government Employees by Function/Program
Last Nine Years

Function/program	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government:	3.5	2	2.5	2.5	2.5	1	1	0	0

Source: Finance Department
Method: Using 1.0 for each full-time employee, and 0.50 for each part-time and seasonal employee

* The District's first reporting year was 2002 and did not officially hire an employee until 2004 as the current Executive Director was provided by a contract from the Dayton Chamber of Commerce. The District's administrative assistant and finance director are provided through contracts presently.

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Miscellaneous Statistics
December 31, 2010

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

MONTGOMERY 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
JUNE 30, 2011