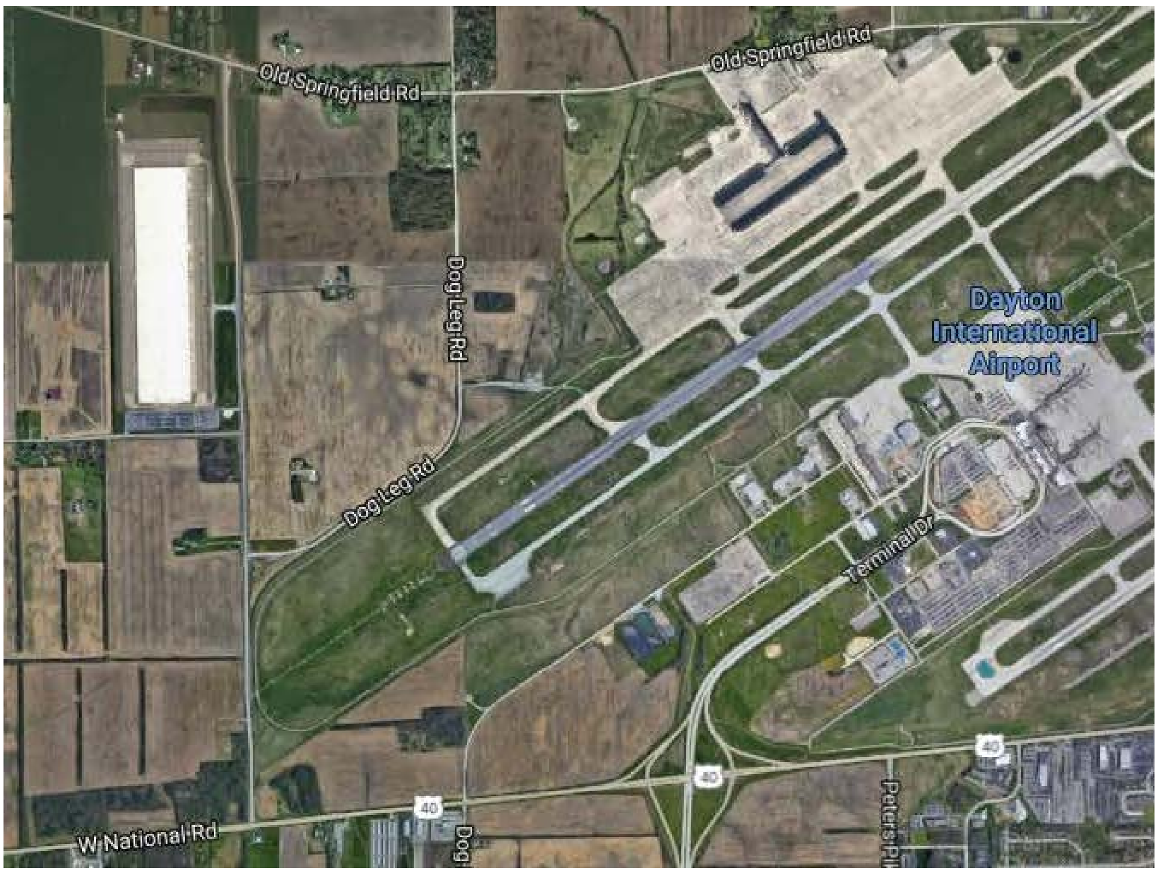
Montgomery County, Ohio
Transportation Improvement District

Comprehensive Annual
Financial Report



The District, while still working in the Austin Interchange area, spent a significant amount of time this year around the Dayton International Airport assisting the City of Dayton with infrastructure improvements. The P&G manufacturing facility is in the upper left corner with the realigned Dog Leg Road running directly in front it now.

For the Fiscal Year Ended
December 31, 2016

Dave Yost • Auditor of State

Board of Trustees
Montgomery County Transportation Improvement District
1921 Fairgrove Ave
Hamilton, OH 45011

We have reviewed the *Independent Auditor's Report* of the Montgomery County Transportation Improvement District, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2016 through December 31, 2016. 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

Dave Yost
Auditor of State

September 20, 2017

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Montgomery County, Ohio
Transportation Improvement District

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2016

Prepared by
Sean Fraunfelter, CPA
Finance Director

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MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

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INTRODUCTORY

SECTION

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Montgomery County Transportation Improvement District

451 West Third Street • 10th Floor
Dayton, Ohio 45422-1075

Montgomery County

June 29, 2017

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, 2016.

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. This report presents the financial activity of the District in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources, and is consistent with the reporting model as promulgated by GASB Statements No. 34, 54, 63 and 65.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent accountants.

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

The mission of the Montgomery County Transportation Improvement District is to expedite and finance 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 high priority transportation and related infrastructure projects throughout the county that would support and promote economic development.

The District's first projects were in the City of Huber Heights beginning in 2001. The District worked with the City of Huber Heights, Montgomery County and the Ohio Department of Transportation (ODOT) to rebuild and improve existing interchanges on Interstate 70 at State Route 201 and State Route 202.

The District has been heavily involved with the Austin Center Interchange Project and related local roadway and infrastructure projects since 2003, discussed further below.

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The District secured initial ODOT grant allocations in 2011 to begin work on projects near the Dayton International Airport. The first of those projects was the realignment and reconstruction of Dog Leg Road, which was substantially completed as Union Airpark Boulevard in 2014 and now services Proctor & Gamble's new Dayton Mixing Center in the City of Union. The second project (described in more detail below) was for the extension of freight rail service from a CSX main line east of Interstate 75 to what is intended to be multi-modal capacity to serve available development land on both the eastern and western sides of the interstate highway. The District completed sufficient preliminary engineering and environmental work on Phase 1 of the project (on the east side of I-75) to select the no-build alternative for that phase as a stand-alone project. Further work on the freight rail project will be pursued with local funds when a specific economic development opportunity presents itself. The District has also been working with the surrounding communities to develop an area-wide infrastructure plan that is focused on the potential of private sector development of logistics and manufacturing facilities in the northern portion of the county near the I-70/I-75 Interchange and the Dayton International Airport.

During 2016, the City of Brookville approached the District about working on a new road extension project to assist the City for economic development purposes and their new fire station. The District has the ability to assist the City in securing project funded that would be difficult without the District's experience and expertise.

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 10 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 worked 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 plan for and build the Austin Interchange. The participating governments agreed to a multi-jurisdictional land use plan for the proposed interchange area and continued to meet regularly to evaluate projects as development has moved significantly forward since 2011 with an estimated increased property valuation in the area of $167 million.

Participating local governments approved the initial finance plan during 2005. The governments addressed three phases of the plan. First the Austin Interchange, which included the overpass over I-75 and approximately one thousand feet east and west of the overpass (this phase was managed by ODOT). The second phase was the relocation of Byers Road and completion of the widening from Austin Boulevard to State Route 725. The third phase was the improvement and relocation of Austin Boulevard to the north on the east side of State Route 741 (this phase was managed by the Montgomery County Engineer). The financing plan along with Miamisburg School District approval was approved in late 2005 and has been amended three times in order to finance additional public infrastructure to support private sector development that has benefited all the parties involved.

During 2007 and 2008, the District was able to acquire all the necessary parcels and relocate affected businesses and residents in order to certify the acquisition of 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 $7 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 the construction of the Byers Road Project and started construction during the summer of 2010. The Austin Interchange opened up over 1,000 acres of developable land by 2010 in the southern portion of Montgomery County. The area has seen significant development on the northwest corner (Motoman), the southeast corner (the Conner Group), and northeast corner (Austin Landing and the Exchange.)

In connection with the Austin Interchange Project, the District has been involved with development activities on the northeast corner of the interchange, “Austin Landing”. This development was the first major activity adjacent to the interchange. The District, Montgomery County, Miami Township and the developer entered into agreements for financing and constructing significant public infrastructure to support a total of $94 million of new private sector development. The first two buildings were completed and occupied during 2010. The developer started another office building and parking garage during 2011 which were completed and opened in 2012. The Kohls on the southeast corner was open during 2011. The development has seen significant additional hospitality, retail and office space being built in 2013-16 and wrapping up in 2017. The respective notes for the second phase were replaced by revenue bonds in early 2015.

On the northwest corner, the District was involved in providing additional access from the Interchange and Austin Boulevard to the Motoman facility. The Byers Road Project was completed at the end of 2011 with improved access. The District was also able to receive a previous equity contribution as the Dayton-Montgomery County Port Authority sold the Long Farm property to the City of Miamisburg. The City of Miamisburg is looking at significant development around Byers Road and to the north of Motoman over the next several years, which will increase the incremental assessed valuation of property in the City near the Austin Interchange that is subject to TIF legislation enacted by the City in 2005. The City of Miamisburg saw United Grinding relocate to the north of Motoman which requires the District to assist the City in providing the necessary infrastructure to access the facility. This agreement was approved in June 2017.

Dogleg Road

Since 2011, the District has applied for and received from ODOT grants for funding preliminary engineering costs of the Dog Leg Road (the “project”). The District managed the redesign of local roadways on this project to allow better access, traffic movement and open up additional land for economic development. The importance and scope of the project increased significantly as Montgomery County and the City of Union were able to secure one of Proctor and Gamble’s (P&G) new consolidated packaging and distribution facilities adjacent to the new planned alignment for Dogleg Road. P&G’s Dayton Mixing Center brought on additional construction activity for the District with related storm water and other utilities needed in the area. The Dayton Mixing Center is a 1.8 million square foot facility that has provided nearly 1,400 new jobs to the region and significantly contributed to the valuation of the area. Through cooperative agreements with Montgomery County, the City of Union, and the Dayton-Montgomery County Port Authority, the District was successful in financing $11.7 million through the ODOT State Infrastructure Bank (amended in 2015 to $12.9 million) and receiving over $1.2 million from JobsOhio for the project, which subsequently has helped and will help the District, County and City of Union complete other needed improvements in the area including State Route 40 improvements.

Multi-Modal Rail Project

During 2012, the District entered into a contract with a consultant to perform preliminary engineering for the first phase of a multi-modal freight rail project. The District was able to secure a grant through the Transportation Review Advisory Council within the Ohio Department of Transportation to pay for the bulk of the work to date. The District, County and other local government partners see the potential for a rail-served distribution and industrial park near the Dayton International Airport and the Interchange at I-70 and I-75 that would generate significant new employment and tax base opportunity.

Market Street Extension

As briefly discussed above, the City of Brookville entered into a project, finance and management agreement with the District during 2016 to assist the City in extending Market Street north approximately 1,700 feet to Lewisburg Salem Road. The District with the support of the City obtained a State Infrastructure Loan for construction of the project. The City has been direct paying the District for costs incurred for engineering and other professional services. The road is expected to be completed in 2017.

Dayton International Airport Access

During 2016, the City of Dayton reached out to the District about providing assistance to design, finance and construct better roadway access to the north side of the Dayton International Airport from State Route 40. The Airport has substantial commercial acreage available for development on its north side. During 2016, the District also assisted Dayton with improved roadway access and utility service to industrial uses already located on Airport property and to the development of a new 570,000 SF warehousing, manufacturing, and research facility on the Airport for Spectrum Brands. The District was able to secure funding through the ODOT Grants, Ohio Roadwork Development 629 funds, and the City of Dayton to construct the public improvements. This project was completed during early 2017.

Lyons Road Bridge Pedestrian Access

Miami Township entered into a project, management and finance agreement with the District to complete engineering on a possible pedestrian access across Interstate 75 at Lyons Road. The area around the Dayton Mall is heavily traveled and the Township wanted to provide safer routes for pedestrians and bicycle riders across the bridge. Engineering on the project is expected to be completed during 2017.

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 projects that it manages. The Board has made it a policy to charge fees for the projects the District manages or finances. 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 typically takes the fee during the issuance of bonds on the projects. The District also has made a concerted effort to keep overhead costs low by having accounting contracted through the Butler County TID and having offices in Montgomery County building along with a shared service agreement to help reduce costs.

FACTORS AFFECTING FINANCIAL CONDITION

The District has a limited source of revenues that can be derived to help fund operations. The District is focusing on administrative charges for project development/completion to finance operations. 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 2016 was 4.6 percent, which is down 0.1 percent from the 2015 rate. As the economy continues to recover, the District has been lucky to have partners in Montgomery County, Miami Township, and Cities of Union, Miamisburg, Springboro, Dayton and Brookville that are forward thinking and willingly to use their own balance sheets to finance development projects across Montgomery County. This activity will help alleviate the financial stress that reduced income taxes, property taxes and sales taxes have put on our local government partners as the anticipated development will produce significant amount of revenue for all three of those local governments along with the Butler Township and the City of Vandalia. 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. Plattenburg & Associates, Inc. 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, 2015. This was the thirteenth 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 2016 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 North Airport Access, Project Walnut, Austin Center Interchange, Byers Road and Austin Landing become a reality. We also want to make a special mention to our dedicated staff members Crystal Corbin and Linda Gum, for the hard work they do to help us deliver on our project commitments. A special note of thanks is extended to our legal counsel, Beverly Shillito, Gregory Daniels and Chris Franzmann, for their efforts to put together all the financing documents necessary to bring our projects to reality.

Respectfully submitted,

Executive Director | Secretary/Treasurer

2016 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

Administrative Assistant

Linda Gum

Project & Development Manager

Crystal Davidson

Sebaly Shillito + Dyer

General Counsel

Butler County TID

Accounting

General Counsel

Bev Shillito

Finance Director

Sean Fraunfelter

MONTGOMERY COUNTY
TRANSPORTATION IMPROVEMENT DISTRICT

2016 BOARD MEMBERS

Voting	*Occupation*	*Board Member Since*
Art Meyer, Chairperson	Community Leader	January 2008
Eric Cluxton, Treasurer	Miamisburg Development Corporation	August 2001
Stephanie Singer – Vice Chairperson	Reed Elsevier Technology	February 2011
David Bills	Brown and Bills Group	June 2012
Tom Tatham	Dayton Power and Light	March 2015

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Montgomery County

Ohio Transportation Improvement District

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

FINANCIAL

SECTION

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PLATTENBURG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Montgomery County Transportation Improvement District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Montgomery County Transportation Improvement District (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 District, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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www.plattenburg.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of net pension liabilities and pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal 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* in considering the District's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Dayton, Ohio
June 29, 2017

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016. Please review it in conjunction with the basic financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The District had $23.5 million in net position at December 31, 2016, an increase of $7.7 million over fiscal year 2015 mainly from additional construction in progress for the projects located in the northern part of the County and the reduction of $2.1 million on the debt balances.
- The District had $4.4 million in program expenses that were offset by $11.9 million of program revenues.
- Governmental fund revenues were $12.4 million for 2016 with 88 percent of those revenues related to reimbursements for project costs or debt service of the District.
- The District received over $5.8 million from local governments and the State of Ohio to pay for the construction of related infrastructure around the Dayton International Airport (reported in the I70/I75 Development Fund.)

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13-14) 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 15. These statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant funds.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the District as a whole begins here. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse as a result of the year's activities?" As the net position increased significantly, the answer is very much yes. The District continues to work on critical projects for Montgomery County to provide an economic development tool with projects such as Austin Center Interchange, Project Walnut and development projects located around the Dayton International Airport. 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 Position 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, deferred outflows or resources, liabilities and deferred inflows of resources 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 position* and changes in it. One can think of the District's net position, the difference between assets (what the District owns), deferred outflows of resources, liabilities (what the District owes) and deferred inflows of resources as one way to measure the District financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is 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
I70/I75 Development Fund
Brookville Fund

<u>Fund Financial Statements</u>

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 15 and provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State law. However, the Board establishes other funds to help control and manage money for a particular purpose (ex. various capital project funds). The District only has governmental funds.

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

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 18-40 of this report.

Required Supplementary Information: The District presents budgetary information for the General fund in the required supplementary information along with notes that described the District's budgetary process. The related information for GASB 68 pension disclosure is presented as well. The required supplementary information can be found on pages 41-47 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 on pages 48-51 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 53 of this report.

THE DISTRICT AS A WHOLE

As stated previously, the Statement of Net Position looks at the District as a whole. The following table provides a summary of the District's net position for 2016 compared to 2015.

Net Position

	2015	2016	Change
Current Assets and Other Assets	$43,006,926	$44,190,864	$1,183,938
Capital Assets	37,614,871	42,416,429	4,801,558
Total Assets	80,621,797	86,607,293	5,985,496
Deferred Outflows of Resources	41,996	160,692	118,696
Current Liabilities	5,247,596	6,700,303	1,452,707
Long-Term Liabilities			
Net Pension Liability	214,414	358,204	143,790
Other Long-Term Liabilities	40,433,615	38,297,184	(2,136,431)
Total Liabilities	45,895,625	45,355,691	(539,934)
Deferred Inflows of Resources	18,993,768	17,944,280	(1,049,488)
Net Position:			
Net Investment in Capital Assets	18,617,545	24,269,489	5,651,944
Restricted	1,182,561	5,409,116	4,226,555
Unrestricted	(4,025,706)	(6,210,591)	(2,184,885)
Total Net Position	$15,774,400	$23,468,014	$7,693,614

The District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Other than pensions, net position of the District's activities increased significantly. The District saw the current assets increased almost 3 percent as the combined cash held at December 31, 2016 increased over $1.2 million from December 31, 2015 with the deposits the City of Dayton and City of Union made on their projects during the year. Capital assets increased by almost 13 percent with the additional infrastructure projects around the Dayton International Airport to accommodate the new manufacturing facility and continued work on the State Route 40 project.

The current liabilities increased over 28 percent as the District increased unearned revenue on the Austin Landing Phase 2 debt service payments as the contractually obligations have not been fulfilled as of December 31, 2016. The long-term liabilities decreased over 5 percent as the District paid down the four outstanding long term obligations.

The following tables look at the change in the District's revenues and expenses from 2016 to 2015.

Statement of Activities

	2015	2016	Change
Program Revenues:			
Charges for Services	$3,737	$981,737	$978,000
Capital Grants	27,059,916	10,901,057	(16,158,859)
General Revenues:			
Interest	853	1,379	526
Other	253,958	198,938	(55,020)
Total Revenue	27,318,464	12,083,111	(15,235,353)
Program Expenses			
General Government	960,345	879,093	(81,252)
Transportation	33,733,338	183,522	(33,549,816)
Intergovernmental	1,909,518	1,423,270	(486,248)
Interest and Fiscal Charges	2,256,912	1,903,612	(353,300)
Total Expenses	38,860,113	4,389,497	(34,470,616)
Change in Net Position	(11,541,649)	7,693,614	$19,235,263
Beginning Net Position	27,316,049	15,774,400	
Ending Net Position	$15,774,400	$23,468,014	

After several years of delayed administration fees, 2016 saw the amount of fees (charges for services) increase for the District. The District finally received the Dogleg project administration fee of $450,000. The initial funding on the new SEED program was received early in the year as well. Add in fees from several other projects related to the northern projects and the District was very successful in covering operating costs for the year.

Capital grants decreased as the District received additional revenue for the Project Walnut infrastructure projects around the Dayton International Airport in 2015. The District reported intergovernmental revenues as unearned revenue and deferred inflows related to the Austin Interchange and Austin Landing Phase 1 related projects were brought on since those projects were completed during 2015. The new Air Cargo project was a significant project for the District during 2016 but only accounts for about half of the total grant balance.

The District decreased the general government expenses as more expenses were considered capital in nature and not reclassified to general government expense as was the case for 2015. The District tried to minimize the operating costs and non-project specific costs when working on a construction project.

The District reported a large change in transportation expense in 2015 from the removal of capital assets as part of the organizational structure of the District. The District reports the construction in progress throughout the project. When all District responsibilities are completed, the project is donated to the local or state government resulting an expense during that year.

The District also reported an intergovernmental expense as the District received additional state grant funding for the Project Walnut area. Part of the agreement included paying back a portion of the Dayton Montgomery County Port Authority's state infrastructure bank loan on the project in order to reuse those grant funds through an increase loan amount. The District along with the Port Authority passed legislation to amend the loan agreement through State of Ohio Department of Transportation.

THE DISTRICT'S FUNDS

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

General	$	121,901
Austin Center Interchange		267,404
Kingsridge Road Project		473,624
I70/I75 Development Fund		134,390
Brookville		14,417

The general fund balance is used to fund the other projects until certain financing obligations are received. The fund balance of the general fund increased with the collection of over $980,000 in administration fees on various projects. The two largest amounts were noted in the government-wide section.

The Austin Center Interchange project saw a fund balance increase by $0.9 million. The District collected some of the outstanding amounts due on projects that are accounted for in this fund as well as additional deposits were made that are being held by the District.

The Kingsridge Road project is used to account for the debt service payments and contributions. The remaining balance in the fund is being evaluated for closing out the balance.

The I70/I75 Development fund is used to account for several different projects in the northern portion of the county. The District has been working with our northern local governments on a logistics park study around the Dayton International Airport, several economic development projects in the same area, improvements along State Route 40 after having just completed improvements to Dogleg Road for the new Proctor and Gamble facility. During 2016, the District was engaged by the City of Dayton to complete the Air Cargo Access project. This infrastructure project was needed to support a new 500,000 square foot facility opening at the end of 2016. The fund balance dropped 59 percent with the payments on the respective Dayton Montgomery County Debt Obligations (reported as intergovernmental expense by the District since obligations of the Dayton Montgomery County Port Authority) coming out of the City of Union TIF deposits held by the District under our intergovernmental agreement.

Original and Final Budgets – General Fund

The original budget was prepared in July 2015 when the District believed there would be additional project fees in 2016 based on current plans; however, additional fees were realized as new projects were added during 2016.

The District increased final budget expenditures by 10% as the District anticipated paying out several year end bonuses that were not executed until early 2017.

Final versus Actual Budget – General Fund

The final budget to actual revenues were pretty much in line as the charges for services from several smaller sources were not included in the final budget. The final expenditures were decreased from the final budget as the year end bonuses were not paid until the following year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District capitalized $5 million in construction in progress during the year. The District tracks the project expenditures as construction in progress and once the project is completed the various improvements will be dedicated to the appropriate agency. The District removes projects when all the contractual obligations the District agreed to complete were finished and the improvements have been turned over to another government. See note 3 of the financial statements for more information.

The District has five bonds outstanding totaling $40.2 million for projects in the Austin Center area, Kingsridge project and the Byers Road project. For more information, see note 7 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 2016 work plan meeting, which includes looking at several projects around the Dayton International Airport. One of the main projects includes work on City of Union logistics park that could possibly duplicate the valuation success the District has brought to southern portion of the County. 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.

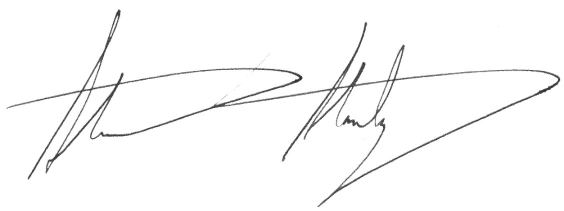
With the District's focus on the Austin Center area to the south of the City of Dayton wrapping up in 2016, the area has seen Phase 2 development increase that brings the increase to over $167 million in development into the area adjacent to the Interchange at the end of 2016.

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. The future provides an opportunity for the District to work with our northern county governments to make improvements to areas in their jurisdiction.

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 District will need to generate management fees from mature projects to continue to absorb early stage costs of developing projects. With additional projects to better the transportation quality of Montgomery County, the District will be able to prosper while providing the residents with an easier way to get from one place to the next.

Request for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Montgomery County Transportation Improvement District, 451 West Third Street, Dayton, Ohio 45422.



Steven B. Stanley
Executive Director

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2016

Assets:		
Current Assets:		
Cash and Cash Equivalents	$	798,808
Restricted Cash and Cash Equivalents		1,732,922
Intergovernmental Receivable		37,778,824
Interest Receivable		3,880,310
Total Current Assets		44,190,864
Noncurrent Assets:		
Depreciable Capital Assets		4,440,659
Nondepreciable Capital Assets		37,975,770
Total Noncurrent Assets		42,416,429
Total Assets		86,607,293
Deferred Outflows - Pension		160,692
Liabilities:		
Current Liabilities:		
Accounts Payable		40,438
Contracts Payable		1,173,169
Accrued Interest Payable		168,045
Current Portion of Special Obligation Bonds Payable		2,123,517
Unearned Revenue		3,195,134
Total Current Liabilities		6,700,303
Noncurrent Liabilities:		
Net Pension Liability		358,204
State Infrastructure Bank Loan Payable		1,629,461
Special Obligation Bonds Payable		36,667,723
Total Noncurrent Liabilities		38,655,388
Total Liabilities		45,355,691
Deferred Inflows of Resources:		
Pension		6,590
Intergovernmental Revenues		17,937,690
Total Deferred Inflows of Resources:		17,944,280
Net Position:		
Net Investment in Capital Assets		24,269,489
Restricted for Capital Purposes		5,409,116
Unrestricted		(6,210,591)
Total Net Position	$	23,468,014

See accompanying notes to the financial statements

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

		Program Revenues		Net (Expense) Revenue and Change in Net Position
			Capital	Primary Government
		Charges for	Grants and	Governmental
Functions/Programs	**Expenses**	**Services**	**Contributions**	**Activities**
Primary Government:				
Governmental Activities:				
General Government	$ 879,093	$ 981,737	$ 10,160,834	$ 10,263,478
Transportation	183,522	-	-	(183,522)
Intergovernmental	1,423,270	-	-	(1,423,270)
Interest and Fiscal Charges	1,903,612	-	740,223	(1,163,389)
Total Primary Government	$ 4,389,497	$ 981,737	$ 10,901,057	7,493,297
General Revenues:				
Unrestricted Investment Earnings				1,379
Miscellaneous				198,938
Total General Revenues				200,317
Change in Net Position				7,693,614
Net Position - Beginning				15,774,400
Net Position - Ending				$ 23,468,014

See accompanying notes to the financial statements

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General	Austin Center Interchange	Kingsridge Road Project	I70/I75 Development	Brookville	Total Governmental Funds
Assets:						
Cash and Cash Equivalents	$ 616,433	$ -	$ -	$ 182,375	$ -	$ 798,808
Receivables:						
Interest	-	3,880,310	-	-	-	3,880,310
Intergovernmental	-	33,965,077	3,630,000	183,747	-	37,778,824
Interfund Loan	-	-	473,624	-	-	473,624
Restricted Assets:						
Restricted Cash and Cash Equivalents	-	809,410	-	909,095	14,417	1,732,922
Total Assets	$ 616,433	$ 38,654,797	$ 4,103,624	$ 1,275,217	$ 14,417	$ 44,664,488
Liabilities						
Payable:						
Accounts	$ 20,908	$ 17,474	$ -	$ 2,056	$ -	40,438
Contracts	-	34,398	-	1,138,771	-	1,173,169
Interfund	473,624	-	-	-	-	473,624
Unearned Revenue	-	490,134	-	-	-	490,134
Total Liabilities	494,532	542,006	-	1,140,827	-	2,177,365
Deferred Inflows of Resources:						
Intergovernmental Revenues	-	37,845,387	3,630,000	-	-	41,475,387
Total Deferred Inflows of Resources:	-	37,845,387	3,630,000	-	-	41,475,387
Fund Balances						
Restricted for Capital Purposes	-	869,855	473,624	338,955	14,417	1,696,851
Unassigned	121,901	(602,451)	-	(204,565)	-	(685,115)
Total Fund Balances	121,901	267,404	473,624	134,390	14,417	1,011,736
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 616,433	$ 38,654,797	$ 4,103,624	$ 1,275,217	$ 14,417	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		42,416,429
Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		20,832,697
The pension liability is not due and payables in the current period; therefore, the liability and related deferred inflows/outlfows are not reporting in governmental funds.		(204,102)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
	Special Obligation Bonds	(38,559,232)
	Premium/Discount	(232,008)
	State Infrastructure Loan	(1,629,461)
	Accrued Interest Payable	(168,045)
Net Position of Governmental Activities		$ 23,468,014

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, 2016

	General	Austin Center Interchange	Kingsridge Road Project	I70/I75 Development	Brookville	Total Governmental Funds
Revenues:						
Intergovernmental	$ -	$ 4,564,622	$ 406,500	$ 5,854,164	$ 95,026	$ 10,920,312
Charges for Services	981,737	-	-	-	-	981,737
Investment Earnings	626	321,474	-	170	-	322,270
All Other	1,279	160,415	-	22,025	-	183,719
Total Revenues	983,642	5,046,511	406,500	5,876,359	95,026	12,408,038
Expenditures:						
Current:						
General Government	525,649	74,541	-	34,933	583	635,706
Capital Outlay	-	511,239	-	4,609,285	80,026	5,200,550
Intergovernmental	-	-	-	1,423,270	-	1,423,270
Debt Service:						
Principal	-	1,824,465	225,000	-	-	2,049,465
Interest	-	1,699,764	181,500	-	-	1,881,264
Total Expenditures	525,649	4,110,009	406,500	6,067,488	80,609	11,190,255
Net Change in Fund Balances	457,993	936,502	-	(191,129)	14,417	1,217,783
Fund Balances - beginning (restated)	(336,092)	(669,098)	473,624	325,519	-	(206,047)
Fund Balances - ending	$ 121,901	$ 267,404	$ 473,624	$ 134,390	$ 14,417	$ 1,011,736

See accompanying notes to the financial statements

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Net Change in Fund Balances - Total Governmental Funds		$1,217,783
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays 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. In the current period, these amounts are:		
Construction in progress additions	4,985,080	
Depreciation expense	(183,522)	
Additions over depreciation expense		4,801,558
Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.		
Intergovernmental	(759,478)	
Accreted Interest	419,332	
		(340,146)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The difference in the amount of interest on the Statement of Activities is the result of the following:		
Amortization of debt premium/discount	12,914	
Decrease in accrued interest payable	(20,043)	
		(7,129)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:		
Bond payments		2,049,465
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outlfows.		32,847
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(60,764)
Change in Net Position of Governmental Activities		$7,693,614

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 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 position and the statement of activities) report information on all of the 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 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 continues working with local municipalities around the Austin Interchange on Interstate 75. The District is finalizing the Austin Landing projects that is already showing significant development into the northeast corner of the Interchange in two separate phases for the project. The District is working with the Austin Center JEDD on a new aesthetic project to improve the look of the interchange.

Kingsridge Road Project – The District worked with Miami Township to improve certain infrastructure around the Dayton Mall and surrounding area. The project was completed in 2010 and the District finalized the right of way appropriation cases and a portion of the remaining fund balance to the Township during 2011. The improvements have been very successful in helping the traffic flow around the Dayton Mall and Walmart store.

I70/I75 Development Fund – The District has successfully received funding from the Transportation Review Advisory Council and the State of Ohio House Bill 114 funding to work on the logistics park analysis and Dogleg Road project in the northern part of the County. The District also worked with the City of Union and Montgomery County on the logistic park (referred to locally as Project Walnut) to provide infrastructure needs to support the Proctor and Gamble large manufacturing facility. The District has since moved its focus to around the Dayton International Airport. During 2016, the District was able to complete what is referred to as the Air Cargo project providing new access to over a 500,000 square foot manufacturing facility.

Brookville – In 2016, the District entered into an agreement with the City of Brookville to extend Market Street for future commercial development and the City's new fire house. The District worked on the engineering for the project during 2016 with funds provided by the City.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 10.

Deferred Inflows of Resources

Deferred inflows of resources 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 inflows of resources. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources. The District reports a very large deferred inflow of resources resulting from local governments' pledge of payment to the District in relation to the capital appreciation bonds or general obligation bonds they issued for payment of the District's related special obligation bonds and loans. The District also reports a deferred inflow for pension related items. The deferred inflows of resources related to pension are explained in Note 10.

Unearned Revenue

The District reports unearned revenue in relation to the grant revenue received from Miami Township in respect to the Park and Recreational Trail project around the Austin Landing Development. The Township provided the money to the District but the District has the obligation to complete the respective projects in order to recognize the revenue. The balance of the unearned revenue relates debt service paid down on projects the District has reported as construction in progress. When the District dedicates the asset to another entity, the revenue will be recognized on the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position and governmental fund balance sheet by activity or fund. The District also maintains cash for construction purposes that was obtained through bond issuance or grants from Montgomery County. The cash related to those purposes is presented as "Restricted Cash and Cash Equivalents." During fiscal year 2016, the District only had money market mutual fund investments.

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 2016 amount to $626, no amounts were assigned from other District funds as they receive interest from the restricted cash sources. The Austin Center Interchange fund also received interest in the restricted construction account of $583. The Austin Center Interchange fund also reported interest revenue in relation to the local government's pledged revenue payments from their capital appreciation bonds that are used to pay off the District's outstanding debt. The amount reported for fiscal year 2016 was $320,891 for the Austin Interchange special obligation bonds and Byers Road State Infrastructure Bank Loan. The I70/I75 Development fund received $170 for monies held from the City of Union or City of Dayton for their respective projects.

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 position 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.

The District reports the assets as construction in progress until the project is completed and either deeded over to the respective local government or a dedication plat is filed. For fiscal year 2016, the District reports land improvements for leases on parking lots (straight line depreciation over twenty-seven years) and park land (straight line depreciation over thirty years).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The District also reports intergovernmental revenues from the current obligations due on the debt obligations the local governments have pledged their capital appreciation bonds against.

Fund Balance

The District reports the following categories:

- Restricted fund balances related to bond proceeds maintained in segregated accounts for construction and required to be held for payment of debt service obligations.

- Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted amounts are available.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Net Position

Net position is the residual amount when comparing assets and deferred outflow of resources to liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is 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)

When both restricted and unrestricted net position are available for use, it is the District's policy to apply restricted net position first, and then unrestricted.

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 fair 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. <u>Deposits</u>

At fiscal year-end, the carrying value of the District's deposits was $2,531,730 and the bank balance was $2,636,417. $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, 2016, $2,386,417 of the District's bank balance of $2,636,417 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 fair value at all times shall be at least one hundred five percent of the deposits being secured.

B. <u>Investments</u>

As of December 31, 2016, the District had no 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.

Credit Risk - The District has no investment policy that would further limit its investment choices.

NOTE 2 – DEPOSIT AND INVESTMENTS (Continued)

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, 2016, was as follows:

	Balance 12/31/15	Increases	Decreases	Balance 12/31/16
Governmental Activities				
Capital Assets, not being depreciated				
Construction in Progress	$32,990,690	$4,985,080	$0	$37,975,770
Capital Assets, being depreciated				
Land Improvements	4,991,225	0	0	4,991,225
Accumulated Depreciation				
Land Improvements	(367,044)	(183,522)	0	(550,566)
Total	$37,614,871	$4,801,558	$0	$42,416,429

NOTE 4 – INTERGOVERNMENTAL REVENUES

The following entities, which are a part of the District, have contributed the following funds during 2016.

Member Name	Contribution (Modified Accrual Basis)
Miami Township	$3,753,914
City of Dayton	2,367,578
City of Union	1,772,881
Ohio Department of Transportation	1,284,151
City of Springboro	601,607
City of Miamisburg	415,197
Montgomery County	250,000
Dayton Montgomery Port Authority	179,554
Austin Center JEDD	154,815
City of Brookville	95,026
Dayton Mall JEDD	36,270
Ohio Department of Natural Resources	9,319
Total Intergovernmental Revenue	$10,920,312

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, 2016:

Vendor	Outstanding Balance
RB Jergens – Air Cargo	$1,115,770
LJB – Lyons Road/Pedestrian Access	630,545

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 2016, the District contracted with the U.S Specialty Insurance agency for liability, property, and crime damage. Coverages provided by the company are as follows:

Professional Liability ($10,000 deductible)	$1,000,000
Commercial General Liability	
Each Occurrence/Aggregate	1,000,000/3,000,000
Fire Damage	100,000
Medical Expenses	10,000
Automobile Liability	1,000,000
Umbrella Excess Liability ($10,000 deductible)	5,000,000
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.

NOTE 7 – LONG TERM LIABILITIES

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

	Obligation Outstanding 12/31/15	Additions	Reductions	Obligation Outstanding 12/31/16	Amounts Due in One Year
1 - Special Obligation Bonds	$3,855,000	$0	($225,000)	$3,630,000	$230,000
Bond Discount	(29,394)	0	2,305	(27,089)	0
2 - Special Obligation Bonds	17,455,000	0	(675,000)	16,780,000	710,000
Bond Premium	266,990	0	(14,833)	252,157	0
3 - Special Obligation Bonds	7,720,000	0	(385,000)	7,335,000	400,000
4 - Special Obligation Bonds	1,938,158	0	(299,465)	1,638,693	308,517
5 - Special Obligation Bonds	11,270,000	0	(465,000)	10,805,000	475,000
Bond Premium	7,326	0	(386)	6,940	0
Net Pension Liability	214,414	143,790	0	358,204	0
Total	$42,697,494	$143,790	($2,062,379)	$40,778,905	$2,123,517

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 $4,870,448 through December 2028. $406,500 was received from Miami Township through the agreement and $225,000 was paid during the current year on the outstanding bonds.

NOTE 7 – 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
2017	$230,000	$172,500	$402,500
2018	240,000	161,574	401,574
2019	255,000	151,676	406,676
2020	265,000	139,944	404,944
2021	280,000	127,756	407,756
2022-2026	1,600,000	429,498	2,029,498
2027-2028	760,000	57,500	817,500
Totals	$3,630,000	$1,240,448	$4,870,448

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 $24,051,795 through December 2033. The District received $6.2 million in federal earmarks as part of the financing package on the project and those earmarks will be used to cover debt service over the first four years. The District received $1,413,610 from the three governments for the 2016 debt service.

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
2017	$710,000	$704,860	$1,414,860
2018	730,000	683,560	1,413,560
2019	765,000	647,060	1,412,060
2020	795,000	620,285	1,415,285
2021	825,000	592,460	1,417,460
2022-2026	4,615,000	2,456,445	7,071,445
2027-2031	5,690,000	1,387,125	7,077,125
2032-2033	2,650,000	180,000	2,830,000
Totals	$16,780,000	$7,271,795	$24,051,795

NOTE 7 – 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 $10,948,334 through December 2029. The District received $746,613 in revenue during 2016 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
2017	$400,000	$441,018	$841,018
2018	420,000	423,018	843,018
2019	440,000	403,068	843,068
2020	460,000	381,068	841,068
2021	485,000	357,608	842,608
2022-2026	2,905,000	1,306,448	4,211,448
2027-2029	2,225,000	301,106	2,526,106
Totals	$7,335,000	$3,613,334	$10,948,334

4 –Special Obligation Bonds – In October 2011, the District made the final draw on the State Infrastructure Loan for construction of the Byers Road improvements. The bonds were issued for a ten year period with a final maturity of January 31, 2021. The bonds will be retired from the TIF revenues pledged by Miami Township and the City of Miamisburg from the development area and pay interest at 3% with the first twelve months being interest free and the next year's interest of $75,330 accrued and paid over the remaining eight years.

The District had pledged all intergovernmental revenues from City's and Township's tax increment financing revenues to repay the $2.9 million state infrastructure loan. The loan is solely payable from revenues assigned from City and Township to the District as part of the funding agreement between the parties. Total principal and interest remaining on the loan is $1,830,210 through January 2021. The District received $366,042 revenue during 2016 related to the payments.

NOTE 7 – LONG TERM LIABILITIES (Continued)

The amortization on the Byers Road Improvement special obligations bonds were as follows:

	4- Special Obligation Bonds		
Fiscal Year Ending December 31	Principal	Interest	Total
2017	$308,517	$57,525	$366,042
2018	317,842	48,200	366,042
2019	327,448	38,594	366,042
2020	337,345	28,697	366,042
2021	347,541	18,501	366,042
Totals	$1,638,693	$191,517	$1,830,210

5 - Special Obligation Bonds - On February 4, 2015, the District issued $5,535,000 in special obligation bonds that were tax exempt and $6,110,000 in special obligation bonds that were taxable for the purpose of the constructing the additional infrastructure referred as to Austin Landings Phase 2. The bonds were issued for a twenty year period with a final maturity of December 1, 2034. The bonds will be retired from the TIF revenues pledged by Miami Township from the development area and pay interest at rates ranging from 0.55% to 4%.

The District had pledged all intergovernmental revenues from Township's tax increment financing revenues to repay the $11.645 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 $14,587,465 through December 2034. The District received $806,050 in revenue during 2016 related to the payments.

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

	5 – Special Obligation Bonds		
Fiscal Year Ending December 31	Principal	Interest	Total
2017	$475,000	$334,000	$809,000
2018	485,000	325,650	810,650
2019	495,000	315,950	810,950
2020	510,000	305,412	815,412
2021	520,000	294,562	814,562
2022-2026	2,770,000	1,267,518	4,037,518
2027-2031	3,290,000	761,176	4,051,176
2032-2034	2,260,000	178,197	2,438,197
Totals	$10,805,000	$3,782,465	$14,587,465

NOTE 8 - CONTINGENCIES

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 position of the District.

NOTE 9 – 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 2016.

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 10 – DEFINED BENEFIT PENSION PLAN

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - District employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was $32,847 for 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportionate Share of the Net Pension Liability	$358,204
Proportion of the Net Pension Liability	0.002068%
Pension Expense	$60,764

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$103,888
Changes in proportionate share	23,957
District contributions subsequent to the measurement date	32,847
Total Deferred Outflows of Resources	$160,692
Deferred Inflows of Resources	
Differences between expected and actual experience	$6,590

$32,847 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS
2016	($33,898)
2017	(35,346)
2018	(28,184)
2019	(23,827)
Total	($121,255)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	$570,715	$358,204	$178,967

Average Remaining Service Life GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2015, the average of the expected remaining service lives of all employees calculated by our external actuaries for the Traditional Pension Plan was 3.1673 years. Employers should use these amounts when calculating elements of pension expense subject to amortization requirements as defined in GASB 68 and reported in the Schedule of Collective Pension Amounts.

NOTE 11 - POST EMPLOYMENT BENEFITS

Public Employees Retirement System (OPERS)
OPERS' Post-Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2016, the employer contribution allocated to the members in the Traditional Plan and the Combined Plan was 2% of covered payroll. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The District's actual contributions that were used to fund post employment benefits in 2016, 2015, and 2014 were $5,474, $5,131, and $4,064, respectively, 100 percent has been contributed for fiscal years 2016, 2015, and 2014.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed on July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional and Combined Plans.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

NOTE 12 – INTERFUND ACTIVITY

For fiscal year 2015, the District reported an interfund payable in the General Fund and an interfund receivable in the Kingsridge fund. In prior years, the District had paid for certain items from the General fund due to cash flows needs that were Kingridge fund activity. The District is working through closing out the Kingsridge fund balance that will be moved to the General fund.

NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2016, the District implemented the following Governmental Accounting Standards Board (GASB) Statements that no impact of the beginning net position:

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 77, *Tax Abatements Disclosures*
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*

NOTE 14 – RESTATEMENT OF FUND BALANCE

The District also restated beginning fund balance for the Austin Interchange fund and Operating Fund. The District has an administrative agreement for maintenance of the financing and other agreements for the original interchange project. Those revenues and expenses should be reported in the operating fund. The $52,200 restatement at December 31, 2015 was for prior year amounts held in the Austin Interchange Fund.

	General Fund (Operating Fund)	Austin Center Interchange
Fund Balance December 31, 2015	($388,292)	($616,898)
Adjustments:		
Cash and Cash Equivalents	52,200	(52,200)
Restated Fund Balance December 13, 2016	($336,092)	($669,098)

REQUIRED
SUPPLEMENTARY
INFORMATION

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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, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for Services	$ 788,300	$ 957,100	$ 981,737	$ 24,637
Investment Earnings	1,000	500	626	126
All Other	-	1,100	1,279	179
Total Revenues	789,300	958,700	983,642	24,942
Expenditures:				
Current:				
General Government	608,000	667,700	528,700	139,000
Total Expenditures	608,000	667,700	528,700	139,000
Deficiency of Revenues Under Expenditues	181,300	291,000	454,942	163,942
Other Financing Sources:				
Transfers In	1,500,000	-	-	-
Net Change in Fund Balances				
Excess (Deficiency) of Revenues Over (Under)				
Net Change in Fund Balances	1,681,300	291,000	454,942	163,942
Fund Balance Beginning of Year - restated	(312,133)	(312,133)	(312,133)	-
Fund Balance (Deficit) End of Year	$ 1,369,167	$ (21,133)	$ 142,809	$ 163,942

Budget Basis	$ 454,942
Expenditure Accruals	3,051
GAAP Basis	$ 457,993

See accompanying notes to the required supplementary information

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Process

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

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

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

1. Estimated Revenues

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

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 2016.

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 THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS (1)

	2016	2015	2014
The District's Proportion of the Net Pension Liability	0.002068%	0.001778%	0.001778%
The District's Proportion Share of the Net Pension Liability	358,204	214,413	209,570
The District's Covered-Employee Payroll	254,625	209,200	211,277
The District's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	140.68%	102.49%	99.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available

Note: Amounts presented as of the District's measurement date which is the prior period year end.

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MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Contractually Required Contributions	$ 32,847	$ 30,555	$ 25,104	$ 27,466
Contributions in Relation to the Contractually Required Contribution	(32,847)	(30,555)	(25,104)	(27,466)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
The District Covered-Employee Payroll	$ 273,725	$ 254,625	$ 209,200	$ 211,277
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	13.00%

2012	2011	2010	2009	2008	2007
$ 22,558	$ 25,373	$ 21,721	$ 19,616	$ 20,911	$ 19,976
(22,558)	(25,373)	(21,721)	(19,616)	(20,911)	(19,976)
$ -	$ -	$ -	$ -	$ -	$ -
$ 225,580	$ 281,922	$ 271,513	$ 280,229	$ 298,729	$ 235,012
10.00%	9.00%	8.00%	7.00%	7.00%	8.50%

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, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental Revenue	$ 5,085,774	$ 3,495,774	$ 3,943,769	$ 447,995
Investment Earnings	200	550	583	33
All Other	199,500	199,900	191,803	(8,097)
Total Revenues	5,285,474	3,696,224	4,136,155	439,931
Expenditures:				
Current:				
General Government	50,000	60,000	64,619	(4,619)
Capital Outlay	380,914	567,914	490,172	77,742
Intergovernmental	489,722	489,722		489,722
Debt Service:				
Principal Retirement	1,824,465	1,824,465	1,824,465	-
Interest and Fiscal Charges	1,603,811	1,603,811	1,699,764	(95,953)
Issuance Costs	-		-	-
Total Expenditures	4,348,912	4,545,912	4,079,020	466,892
Excess (Deficiency) of Revenues Over (Under) Expenditures	936,562	(849,688)	57,135	906,823
Other Financing Uses:				
Transfers Out	(1,500,000)	-	-	-
Net Change in Fund Balances	(563,438)	(849,688)	57,135	906,823
Fund Balance - Beginning of Year - restated	752,275	752,275	752,275	-
Fund Balance (Deficit) - End of Year	$ 188,837	$ (97,413)	$ 809,410	$ 906,823

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, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental Revenue	$ 406,500	$ 406,500	$ 406,500	$ -
Total Revenues	406,500	406,500	406,500	-
Expenditures:				
Debt Service:				
Principal Retirement	225,000	225,000	225,000	-
Interest and Fiscal Charges	181,500	181,500	181,500	-
Total Expenditures	406,500	406,500	406,500	-
Net Change in Fund Balances	-	-	-	-
Fund Balance - Beginning of Year	473,624	473,624	473,624	-
Fund Balance - End of Year	$ 473,624	$ 473,624	$ 473,624	$ -

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
I70/I75 DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental Revenue	$ 1,592,241	$ 6,120,227	$ 5,670,417	$ (449,810)
Investment Earnings	-	-	170	170
All Other	10,000	25,000	23,775	(1,225)
Total Revenues	1,602,241	6,145,227	5,694,362	(450,865)
Expenditures:				
Current:				
General Government	30,000	55,000	37,546	17,454
Capital Outlay	1,363,727	4,053,727	3,559,254	494,473
Intergovernmental	-	1,423,270	1,423,270	-
Total Expenditures	1,393,727	5,531,997	5,020,070	511,927
Net Change in Fund Balances	208,514	613,230	674,292	61,062
Fund Balance Beginning of Year	414,677	414,677	414,677	-
Fund Balance End of Year	$ 623,191	$ 1,027,907	$ 1,088,969	$ 61,062

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CITY OF BROOKVILLE PROJECT
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental Revenue	$ -	$ 116,000	$ 95,026	$ (20,974)
Expenditures:				
Current:				
General Government	-	1,000	583	417
Capital Outlay	-	28,100	80,026	(51,926)
Total Expenditures	-	29,100	80,609	(51,509)
Net Change in Fund Balances	-	86,900	14,417	(72,483)
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	$ -	$ 86,900	$ 14,417	$ (72,483)

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STATISTICAL

SECTION

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MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT
STATISTICAL SECTION DESCRIPTIONS
DECEMBER 31, 2016

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> <u>**Pages**</u>

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MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Net Position by Component
Last Ten Years
(accrual basis of accounting)

	2016	2015	Restated 2014	Restated 2013	2012
Governmental Activities					
Net Investment in Capital Assets	$ 24,269,489	$ 18,617,545	$ 29,627,520	$ 14,441,402	$ 7,588,734
Restricted	5,409,116	5,463,443	7,631,387	0	2,722,366
Unrestricted	(6,210,591)	(8,306,588)	(9,942,858)	9,175,148	4,873,477
Total Governmental Activities Net Position	$ 23,468,014	$ 15,774,400	$ 27,316,049	$ 23,616,550	$ 15,184,577

	Restated 2011	2010	2009	2008	2007
Governmental Activities	$ 22,710,058	$ 18,016,902	$ 14,015,176	$ 11,358,499	$ 4,609,921
Net Investment in Capital Assets	6,274,970	3,663,800	4,045,907	4,422,178	3,397,812
Restricted	1,405,203	3,017,539	1,632,684	749,911	694,291
Unrestricted					
Total Governmental Activities Net Position	$ 30,390,231	$ 24,698,241	$ 19,693,767	$ 16,530,588	$ 8,702,024

Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$ 981,737	$ 3,737	$ -	$ -	$ 514,000	$ 50,000	$ 536,542	$ -	$ 160,625	$ 13,625
Capital Grants and Contributions	10,901,057	27,059,916	6,840,733	10,602,187	5,838,388	6,232,446	5,755,285	5,204,416	11,602,053	1,488,210
Total Governmental Activities Program Revenues	11,882,794	27,063,653	6,840,733	10,602,187	6,352,388	6,282,446	6,291,827	5,204,416	11,762,678	1,501,835
Expenses										
Governmental Activities:										
General Government	879,093	960,345	1,350,214	851,730	547,657	1,157,449	830,600	1,716,604	869,574	569,382
Transportation	183,522	33,733,338	183,522	600,000	19,286,659	-	-	-	-	-
Intergovernmental	1,423,270	1,909,518	-	-	-	2,542,277	-	-	3,164,998	-
Interest and Fiscal Charges	1,903,612	2,256,912	1,831,432	1,801,309	1,926,686	1,653,183	1,154,737	1,134,615	55,924	367,872
Total Governmental Activities Expenses	4,389,497	38,860,113	3,365,168	3,253,039	21,761,002	5,352,909	1,985,337	2,851,219	4,090,496	937,254
Net (Expense)/Revenue										
Governmental Activities	7,493,297	(11,796,460)	3,475,565	7,349,148	(15,408,614)	929,537	4,306,490	2,353,197	7,672,182	564,581
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Grants and Entitlements not Restricted to Specific Programs	0	0	0	0	0	6,289,354	500,000	608,272	141,728	250,000
Investment Earnings	1,379	853	4,847	13,385	14,346	10,979	13,384	50,944	12,154	31,805
Other	198,938	253,958	403,553	239,237	188,614	298,960	184,600	150,766	2,500	10,084
Total Governmental Activities	200,317	254,811	408,400	252,622	202,960	6,599,293	697,984	809,982	156,382	291,889
Change in Net Position										
Governmental Activities	$ 7,693,614	$ (11,541,649)	$ 3,883,965	$ 7,601,770	$ (15,205,654)	$ 7,528,830	$ 5,004,474	$ 3,163,179	$ 7,828,564	$ 856,470

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

	2016	2015 (1)	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Unassigned*	$ 121,901	$ (336,092)	$ 97,087	$ 617,322	$ 1,050,843	$ 1,064,264	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-	-	-	1,498,964	1,137,496	1,015,355	1,163,277
Total General Fund	121,901	(336,092)	97,087	617,322	1,050,843	1,064,264	1,498,964	1,137,496	1,015,355	1,163,277
All Other Governmental Funds										
Restricted for Capital Purposes	1,696,851	1,656,185	7,210,785	473,624	1,698,425	6,839,443	-	-	-	-
Reserved	-	-	-	-	-	-	3,121,323	3,397,812	3,397,812	3,397,812
Unassigned, Reported in:										
Capital Projects Funds (Deficit)	(807,016)	(1,526,140)	(5,788,495)	(3,786,755)	(72,627)	-	5,498,405	(15,657,249)	1,827,801	(527,976)
Total All Other Governmental Funds	889,835	130,045	1,422,290	(3,313,131)	1,625,798	6,839,443	8,619,728	(12,259,437)	5,225,613	2,869,836
Total Governmental Funds	$ 1,011,736	$ (206,047)	$ 1,519,377	$ (2,695,809)	$ 2,676,641	$ 7,903,707	$ 10,118,692	$(11,121,941)	$ 6,240,968	$ 4,033,113

* The District reported governmental fund balances starting in 2011 under GASB 54.
(1) Restated

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Intergovernmental	$ 10,920,312	$ 7,703,074	$ 9,204,896	$ 10,706,079	$ 1,924,662	$ 11,857,861	$ 5,842,356	$ 5,832,602	$ 11,641,900	$ 1,377,137
Charges for Services	981,737	3,737	-	-	514,000	50,000	536,542	-	160,625	13,625
Investment Earnings	322,270	279,121	328,005	185,290	140,607	10,979	13,384	50,944	28,559	31,805
Other	183,719	238,739	391,550	447,034	616,930	284,127	184,600	150,766	2,500	377,956
Total Revenues	12,408,038	8,224,671	9,924,451	11,338,403	3,196,199	12,202,967	6,576,882	6,034,312	11,833,584	1,800,523
Expenditures										
Current:										
General Government	635,706	552,046	816,423	724,401	544,687	780,968	823,214	490,227	462,429	425,938
Capital Outlay	5,200,550	3,575,579	13,039,331	13,069,936	5,033,046	11,230,728	12,216,465	21,790,747	10,390,150	1,181,971
Intergovernmental	1,423,270	1,909,518	-	-	-	2,542,277	-	-	3,164,998	-
Debt Service:										
Principal	2,049,465	13,335,680	6,082,152	1,145,000	1,025,000	805,000	5,000	5,000	-	-
Issuance Costs	-	-	-	-	-	-	1,016,073	214,035	421,266	-
Interest	1,881,264	2,229,984	1,836,359	1,801,835	1,926,455	1,559,969	1,560,787	897,212	25,781	367,872
Total Expenditures	11,190,255	21,602,807	21,774,265	16,741,172	8,529,188	16,918,942	15,621,539	23,397,221	14,464,624	1,975,781
Excess of Revenues Over (Under) Expenditures	1,217,783	(13,378,136)	(11,849,814)	(5,402,769)	(5,332,989)	(4,715,975)	(9,044,657)	(17,362,909)	(2,631,040)	(175,258)
Other Financing Sources (Uses)										
Sale of Assets	-	-	-	30,319	95,923	-	409,135	-	-	-
Face Value from Sale of Bonds	-	11,645,000	-	-	10,000	2,500,990	29,535,000	-	4,885,000	-
Face Value from Sale of Long Term Notes	-	-	11,435,000	-	-	-	-	-	-	-
Premium/(Discount) on Sale of Bonds	-	7,712	-	-	-	-	341,155	-	(46,105)	-
Inception of Capital Leases	-	-	4,630,000	-	-	-	-	-	-	-
Transfers In	-	-	-	50,000	-	-	-	30,401	-	51,578
Transfers Out	-	-	-	(50,000)	-	-	-	(30,401)	-	(51,578)
Total Other Financing Sources (Uses)	-	11,652,712	16,065,000	30,319	105,923	2,500,990	30,285,290	-	4,838,895	-
Net Change in Fund Balances	$ 1,217,783	$ (1,725,424)	$ 4,215,186	$ (5,372,450)	$ (5,227,066)	$ (2,214,985)	$ 21,240,633	$ (17,362,909)	$ 2,207,855	$ (175,258)
Debt Service as a Percentage of Noncapital Expenditures	63.3%	84.4%	83.8%	77.0%	84.3%	39.0%	45.9%	31.8%	0.6%	39.2%

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

Year	Gross Revenue (1)	Debt Service Requirement (2)	Coverage
2008	-	-	NA
2009	-	$ 278,229	NA
2010	$ 114,969	224,937	51.11%
2011	419,800	419,800	100.00%
2012	412,800	412,800	100.00%
2013	405,800	405,800	100.00%
2014	398,300	398,300	100.00%
2015	410,300	410,300	100.00%
2016	406,500	406,500	100.00%
Total	$ 2,568,469	$ 2,956,666	86.87%

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 Seven Years

Year	Gross Revenue (1)	Debt Service Requirement	Coverage
2010	281,270	281,270	100.00%
2011	-	1,281,835	0.00%
2012	-	1,412,935	0.00%
2013	-	1,411,235	0.00%
2014	-	1,411,360	0.00%
2015	494,035	1,415,860	34.89%
2016	1,413,610	1,413,610	100.00%
Total	$ 2,188,915	$ 8,628,105	25.37%

Source: District's records

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

Note: The District received $6,289,354 in federal earmarks during 2011 that are used to pay debt service for 2011 through 2015 (partial).

SOURCE: District's financial records

Revenue Bond Coverage - Austin Landing Project Phase 1
Special Obligation Bonds
Last Seven Years

Year	Gross Revenue (1)	Federal Interest Subsidy (2)	Debt Service Requirement (3)	Coverage
2010	-	-	356,528	NA
2011	287,532	222,635	663,334	76.91%
2012	517,504	222,630	740,134	100.00%
2013	639,803	204,931	844,734	100.00%
2014	642,127	202,107	844,234	100.00%
2015	644,361	197,273	841,634	100.00%
2016	650,660	191,803	842,574	99.99%
Total	$ 3,381,987	$ 1,241,379	$ 5,133,172	90.07%

Source: District's records

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

(2) The District issued these bonds under the American Recovery Zone Act and receives a portion of the interest payments back as a credit from the IRS.

(3) The 2010-2011 debt service payments were funded through capitalized interest issued in the bond amount. The 2016 shortfall was covered by the District.

SOURCE: District's financial records

Revenue Bond Coverage - Austin Landing Project Phase 2
Special Obligation Bonds
Last Two Fiscal Years

Year	Gross Revenue (1)	Debt Service Requirement	Coverage
2015	$ 653,714	$ 653,714	100.00%
2016	806,050	806,050	100.00%

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

SOURCE: District's financial records

Ratio of Special Obligation Bonds per Capita
Last Nine Fiscal Years

	Special Obligation Bonds (1)										
Fiscal Year	Austin Interchange	Austin Landing Phase 1	Austin Landing Phase 2	Kingsridge	Long Term Notes	Total	State Infrastructure Loan Payable (2)	All Outstanding Debt of District	Montgomery County Per Capita (3)	Net Debt Per Capita	Net Debt as a Percentage of Personal Income
2008	$ -	$ -	$ -	$ 4,839,471	$ -	$ 4,839,471	$ -	$ 4,839,471	$ 534,626	$ -	0.03%
2009	-	-	-	4,836,776	-	4,836,776	-	4,836,776	532,562	-	0.03%
2010	20,676,155	9,200,000	-	4,834,081	-	34,710,236	-	34,710,236	535,153	-	0.18%
2011	20,216,322	9,040,000	-	4,636,386	-	33,892,708	2,500,990	36,393,698	535,153	0.07	0.17%
2012	19,616,489	8,800,000	-	4,438,691	-	32,855,180	2,530,219	35,385,399	535,153	0.07	0.17%
2013	19,006,656	8,450,000	-	4,240,996	-	31,697,652	2,557,996	34,255,648	535,153	0.07	0.16%
2014	18,381,823	8,090,000	-	4,053,301	11,435,000	41,960,124	2,228,838	44,188,962	535,153	0.05	0.20%
2015	17,721,990	7,720,000	11,277,326	3,825,606	-	40,544,922	1,938,158	42,483,080	535,153	0.05	NA
2016	17,032,157	7,335,000	10,811,940	3,602,911	-	38,782,008	1,638,693	40,420,701	535,153	0.04	NA

Source: District records
(1) Includes premiums and discounts with the par value of the bond issue outstanding.
(2) Includes accreted interest receivable with the par value of the loan oustanding.
(3) Information U.S Census Bureau 2010 numbers are used.

Top Ten Principal Employers
Last year and Nine Years ago

2015

Employer	Employees	Percentage of Total Employment
Wright-Patterson Air Force Base	26,720	11.26%
Premier Health Partners Inc.	13,500	5.69%
Kettering Health Network	8,259	3.48%
Montgomery County	4,343	1.83%
Kroger Co	4,335	1.83%
LexisNexis	3,000	1.26%
Wright State University	2,469	1.04%
University of Dayton	2,453	1.03%
Sinclair Community College	2,237	0.94%
Dayton VA Medical Center	2,154	0.91%

2006

Employer		
Wright-Patterson Air Force Base	22,000	8.58%
Premier Health Partners Inc.	12,291	4.80%
Kettering Health Network	5,461	2.13%
Delphi Corp	5,300	2.07%
Montgomery County	4,840	1.89%
Dayton Public Schools	4,000	1.56%
GM Moriane Assembly Plant	3,209	1.25%
Kroger Co	3,000	1.17%
Lexis Nexis	3,000	1.17%
AK Steel	3,000	1.17%

Source: Montgomery County Annual Financial Report 2015

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Demographic Statistics
Last Ten Years

YEAR	POPULATION (1)	UNEMPLOYMENT RATE MONTGOMERY COUNTY (2)	PERSONAL INCOME (3)	PER CAPITA PERSONAL INCOME
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%	18,995,875,000	35,669
2010	535,153	10.0%	19,451,335,000	36,347
2011	535,153	8.3%	20,258,807,000	37,856
2012	535,153	7.0%	21,263,616,000	39,734
2013	535,153	7.1%	21,514,166,000	40,202
2014	535,153	4.8%	21,778,263,000	40,695
2015	535,153	4.7%	Not Available	Not Available
2016	535,153	4.6%	Not Available	Not Available

(1) SOURCE: Montgomery County Annual Financial Report and 2010 Census information
(2) SOURCE: Ohio Labor Market Information, Ohio Department of Job and Family Services
(3) SOURCE: Montgomery County Annual Financial Report 2015

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

Function/program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:	3	4	3	2.5	3.5	3	3.5	2	2.5	2.5

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

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Miscellaneous Statistics
December 31, 2016

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

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Montgomery County Transportation Improvement District

Yellow Book Report

December 31, 2016

Serving Miami Valley's Local Governments For 70 Years

PLATTENBURG

Certified Public Accountants

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INDEPENDENT AUDITORS' 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*

Board of Trustees
Montgomery County Transportation Improvement District

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Montgomery County Transportation Improvement District (the District), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of audit findings that we consider to be a material weakness. This item is listed in the accompanying schedule of audit findings as Finding 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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.*

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District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of audit findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Dayton, Ohio
June 29, 2017

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
SCHEDULE OF AUDIT FINDINGS
December 31, 2016

2016‒001 Finding Type —Material Weakness–Controls Related to Financial Reporting

The presentation of financial statements and related footnotes that are free of material misstatement is the responsibility of the District's management. Independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to preparing financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes in a timely manner prior to audit.

Our audit identified misstatements in the District's financial statements that required adjustment in order to present the financial statements in accordance with accounting principles generally accepted in the United States of America.

We provided adjustments to the District which corrected the misstatements prior to the issuance of the financial statements. The misstatements related to receivables, deferred inflows, fund balance, net position and transfers.

Recommendation:
Develop a systematic, detailed financial statement preparation and review process.

Management's Response:
Management agrees.

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2016

Summary of Prior Audit Findings:

2015−001 Finding Type —Material Weakness–Controls Related to Financial Reporting

For the year ended December 31, 2015 certain misstatements were identified in the financial statements requiring adjustment in order to present the 2015 financial statements in accordance with accounting principles generally accepted in the United States of America. The misstatements related to long term liabilities, intergovernmental revenue, deferred inflows, fund balance and net position.

Status: Partially corrected –reissued as Finding 2016−001

2015−002 Finding Type — Material Noncompliance –Lack of Statutory Authority for Use of Funds

For the year ended December 31, 2015 the District reported a negative fund cash balance which indicated that money from one fund was used to cover the expenses of another fund. As of December 31, 2015 the general fund had a negative cash balance and the District does not have statutory authority to use money from other funds for the same purpose for which the general fund used the money. The result was a violation of Ohio Rev. Code § 5705.10(I).

Status: Corrected

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 3, 2017