



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
CLERMONT COUNTY, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2011
Fiscal Year Audited Under GAGAS: 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Clermont County Transportation Improvement District, Clermont County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2011 through December 31, 2011. 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 Clermont County Transportation Improvement District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 2, 2012

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CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

FOR THE YEAR ENDED DECEMBER 31, 2011

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Independent Auditor's Report

Members of the Board
Clermont County Transportation Improvement District
2381 Clermont Center Drive
Batavia, Ohio 45103

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clermont County Transportation Improvement District, Clermont County, Ohio (the District), a component unit of Clermont County, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

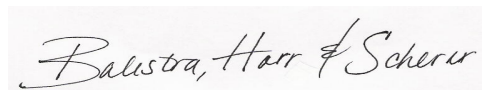
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clermont County Transportation Improvement District, Clermont County, Ohio, as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The financial section's combining statements provide additional analysis and are not a required part of the basic financial statements. The Schedule of Federal Awards Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The financial section's combining statements and the Schedule of Federal Awards Expenditures are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 3 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



Balestra, Harr & Scherer, CPAs, Inc.
May 4, 2012

**CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)**

The discussion and analysis of Clermont County Transportation Improvement District's (the District's) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2011 are as follows:

- The District's net assets decreased by \$3,178,910 to a year end total of negative \$405,981 as resources were used for the advancement of projects.
- During the year, the District generated \$7,369,472 of revenues and incurred expenses of \$10,548,382.
- During 2011, construction was initiated on the Wolfpen Pleasant Hill Improvement Project and the Business 28 Phase I Improvement Project as well as continuing the advancement of other projects that had been initiated in prior years.
- The District modified an existing intergovernmental agreement with the City of Milford providing an additional \$924,497 of pledged revenues for 2011.

USING THIS ANNUAL REPORT

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

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds – All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

DISTRICT SUMMARY

The District as a Whole

The following table provides a summary of the District's net assets for 2011 compared to 2010:

	Governmental Activities		Increase
	2011	2010	(Decrease)
Current and other assets	\$ 10,836,866	\$ 12,782,596	\$ (1,945,730)
Total assets	10,836,866	12,782,596	(1,945,730)
Long-term debt outstanding	8,602,425	9,496,583	(894,158)
Other liabilities	2,640,422	513,084	2,127,338
Total liabilities	11,242,847	10,009,667	1,233,180
Net assets:			
Restricted	642,302	-	642,302
Unrestricted	(1,048,283)	2,772,929	(3,821,212)
Total net assets	\$ (405,981)	\$ 2,772,929	\$ (3,178,910)

Total assets decreased by \$1,945,730 and total liabilities increased by \$1,233,180. Total assets decreased primarily due to the use of cash resources to fund project related costs. Total liabilities increased primarily due to an increased level of year end contracts payable related to two on-going construction projects. Restricted net assets increased as a result of a prepayment for construction costs made for a project to be administered by the Ohio Department of Transportation.

Changes in Net Assets – The following table provides a summary of the District's changes in net assets for 2011 compared to 2010:

	Governmental Activities		Increase
	2011	2010 Restated	(Decrease)
Revenues			
General revenues:			
Intergovernmental	\$ 4,049,497	\$ 3,155,000	\$ 894,497
Federal Interest Subsidy	109,456	54,120 *	55,336
Interest Income	8,597	14,897	(6,300)
Program revenues:			
Operating Grants and Contributions	3,201,922	188,557	3,013,365
Total revenues	7,369,472	3,412,574	3,956,898
Program Expenses			
General Government	332,165	195,734	136,431
Program Development	-	14,397	(14,397)
Program Implementation	69,641	59,035	10,606
Public Works	9,775,290	4,060,138	5,715,152
Debt Service:			
Interest and Fiscal Charges	371,286	277,512 *	93,774
Total expenses	10,548,382	4,606,816	5,941,566
Total Change in Net Assets	(3,178,910)	(1,194,242)	(1,984,668)
Beginning Net Assets	2,772,929	3,967,171	(1,194,242)
Ending Net Assets	\$ (405,981)	\$ 2,772,929	\$ (3,178,910)

* 2010 amounts reclassified to reflect the Federal Interest Subsidy previously reported as an offset to Interest and Fiscal Charges.

Governmental Activities

Net assets of the District's governmental activities decreased by \$3,178,910 during 2011 compared to a decrease of \$1,194,242 for 2010. Intergovernmental revenues increased due to an amended intergovernmental agreement with funding partners. Operating grants and contributions increased as a result of funding partners providing program specific contributions in addition to their pledged revenue amounts and federal funding passed through ODOT for the federal share of program costs. Expenditures increased during 2011 primarily as a result of increased project related activity.

The District's Funds

The District's governmental funds reported a combined fund balance of \$7,291,095, which is a decrease of \$4,479,845 from last year's total of \$11,770,940. This decrease occurred within the General Fund, decreasing \$5,122,147, offset by an increase in the Castleberry Court to I-275 Project Fund of \$642,302. The decrease in the General Fund was primarily due to providing funding to the project funds for current year expenditures. The increase in the Castleberry Court to I-275 Project Fund was a result of providing a construction deposit to ODOT who will administer the construction of the project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2011, the District reported no capital assets.

Debt

During 2007, the District issued \$5,000,000 of Clermont County Transportation Improvement District Roadway Improvement Revenue Bonds, Series 2007, dated December 5, 2007, to provide partial funding of the District's Regional Transportation Improvement Program. The outstanding balance of \$2,990,000 will mature on December 1 in various amounts through 2016 and carry interest at rates varying from 3.875 percent to 4.250 percent per annum.

During 2010, the District issued \$5,925,000 of Clermont County Transportation Improvement District Roadway Improvement Revenue Bonds, Series 2010, dated June 3, 2010, to provide additional partial funding of the District's Regional Transportation Improvement Program. The outstanding balance of \$5,575,000 will mature on December 1 in various amounts through 2025 and carry interest at rates varying from 1.75 percent to 5.35 percent per annum.

During 2011, the District retired \$880,000 of the bonds with interest as scheduled. As of December 31, 2011, \$8,565,000 remains outstanding.

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

ECONOMIC FACTORS

The year ending December 31, 2011 was the fifth full year of operations. The District continued on its mission to improve the prosperity, health, safety, and welfare of the people of Clermont County and the State of Ohio. Multiple new projects that are to be integrated into the overall transportation goals of the District were initiated during the year in addition to those initiated in prior years. In total, the District maintains 25 on-going projects as of December 31, 2011.

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

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Secretary-Treasurer, Clermont County Transportation Improvement District, 2381 Clermont Center Drive, Batavia, OH 45103.

Clermont County Transportation Improvement District
Statement of Net Assets
December 31, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash	\$ 8,537,784
Contractor Retainage Accounts	300,546
Intergovernmental Receivable	1,243,843
Prepaid Construction Deposits	642,302
Unamortized Bond Issuance Costs	112,391
Total Assets	10,836,866
 Liabilities	
Accounts Payable	16,735
Contracts Payable	2,051,887
Retainage Payable	300,546
Deferred Revenue	250,000
Accrued Interest Payable on Bonds	21,254
Long Term Liabilities:	
Due Within One Year	912,107
Due In More Than One Year	7,690,318
Total Liabilities	11,242,847
 Net Assets	
Restricted	642,302
Unrestricted	(1,048,283)
 Total Net Assets	 \$ (405,981)

See accompanying notes to the basic financial statements

Clermont County Transportation Improvement District
Statement of Activities
For the Year Ended December 31, 2011

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
General Government	\$ 332,165	\$ -	\$ -	\$ -	\$ (332,165)
Program Implementation	69,641	-	-	-	(69,641)
Public Works	9,775,290	-	3,201,922	-	(6,573,368)
Interest and Fiscal Charges	371,286	-	-	-	(371,286)
	<u>\$ 10,548,382</u>	<u>\$ -</u>	<u>\$ 3,201,922</u>	<u>\$ -</u>	<u>(7,346,460)</u>
General Revenues					
					Intergovernmental Grants Not Restricted to Specific Programs 4,049,497
					Federal Interest Subsidy 109,456
					Interest Income 8,597
					<u>4,167,550</u>
					Total General Revenues
					Change in Net Assets (3,178,910)
					Net Assets Beginning of Year
					<u>2,772,929</u>
					Net Assets End of Year
					<u>\$ (405,981)</u>

See accompanying notes to the basic financial statements

Clermont County Transportation Improvement District
Balance Sheet
Governmental Funds
December 31, 2011

	General Fund	Debt Service Fund	Business 28 Phase I Improvement Project Fund	Wolfpen- Pleasant Hill Improvement Project Fund	Castleberry Court to I-275 Project Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash	\$ 6,665,528	\$ -	\$ 195,906	\$ 664,547	\$ 11,683	\$ 1,000,120	\$ 8,537,784
Intergovernmental Receivable	497	-	429,631	331,378	482,337	-	1,243,843
Prepaid Construction Deposit	-	-	-	-	642,302	-	642,302
Contractor Retainage Accounts	-	-	195,418	105,128	-	-	300,546
Total Assets	\$ 6,666,025	\$ -	\$ 820,955	\$ 1,101,053	\$ 1,136,322	\$ 1,000,120	\$ 10,724,475
Liabilities							
Accounts Payable	\$ 16,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,735
Contracts Payable	-	-	625,537	664,547	11,683	750,120	2,051,887
Deferred Revenue	497	-	-	331,378	482,337	250,000	1,064,212
Retainage Accounts Payable	-	-	195,418	105,128	-	-	300,546
Total Liabilities	17,232	-	820,955	1,101,053	494,020	1,000,120	3,433,380
Fund Balances							
Restricted	-	-	-	-	642,302	-	642,302
Unassigned	6,648,793	-	-	-	-	-	6,648,793
Total Fund Balances	6,648,793	-	-	-	642,302	-	7,291,095
Total Liabilities and Fund Balances	\$ 6,666,025	\$ -	\$ 820,955	\$ 1,101,053	\$ 1,136,322	\$ 1,000,120	\$ 10,724,475

See accompanying notes to the basic financial statements

**Clermont Count Transportation Improvement District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2011**

Total Governmental Fund Balances \$ 7,291,095

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

Intergovernmental receivables are not available to pay for current-period expenditures and therefore are deferred in the funds 814,212

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

Bonds Payable	(8,565,000)
Premium on Bonds	(37,425)
Unamortized Bond Issuance Costs	112,391
Accrued Interest Payable	(21,254)
	(8,410,289)

Net Assets of Governmental Activities \$ (405,981)

See accompanying notes to the basic financial statements

Clermont County Transportation Improvement District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General Fund	Debt Service Fund	Business 28 Phase I Improvement Project Fund	Wolfpen- Pleasant Hill Improvement Project Fund	Castleberry Court to I-275 Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Intergovernmental Revenue	\$ 4,049,000	\$ -	\$ 1,167,460	\$ 1,146,182	\$ -	\$ 211,191	\$ 6,573,833
Grant Revenues	250,000	-	-	-	-	-	250,000
Federal Interest Subsidy	-	109,456	-	-	-	-	109,456
Interest Income	8,597	-	-	-	-	-	8,597
Total Revenues	4,307,597	109,456	1,167,460	1,146,182	-	211,191	6,941,886
Expenditures							
Current:							
General Government	309,452	-	-	-	-	-	309,452
Program Implementation	69,641	-	-	-	-	-	69,641
Public Works	-	-	3,953,804	2,761,421	655,010	2,405,055	9,775,290
Debt Service:							
Redemption of Principal	-	880,000	-	-	-	-	880,000
Interest Expense	-	387,348	-	-	-	-	387,348
Total Expenditures	379,093	1,267,348	3,953,804	2,761,421	655,010	2,405,055	11,421,731
Excess (Deficiency) of Revenues Over	3,928,504	(1,157,892)	(2,786,344)	(1,615,239)	(655,010)	(2,193,864)	(4,479,845)
Other Financing Sources (Uses):							
Transfers-In	114,557	1,157,892	2,786,344	1,615,239	1,297,312	2,308,421	9,279,765
Transfers-Out	(9,165,208)	-	-	-	-	(114,557)	(9,279,765)
Total Other Financing Sources (Uses)	(9,050,651)	1,157,892	2,786,344	1,615,239	1,297,312	2,193,864	-
Net Change in Fund Balances	(5,122,147)	-	-	-	642,302	-	(4,479,845)
Fund Balance at Beginning of Year	11,770,940	-	-	-	-	-	11,770,940
Fund Balance at End of Year	<u>\$ 6,648,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 642,302</u>	<u>\$ -</u>	<u>\$ 7,291,095</u>

See accompanying notes to the basic financial statements

**Clermont County Transportation Improvement District
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended December 31, 2011**

Net Change in Fund Balances - Total Governmental Funds \$ (4,479,845)

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

Grant revenues that were previously deferred in the funds
 are not reported as revenues in the statement of activities (250,000)

Intergovernmental revenues in the statement of activities that do not provide
 current financial resources are not reported as revenues in the funds 677,586

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

Redemption of Principal on Bonds	880,000
Amortization of Premium on Bonds	14,158
Amortization of Cost of Issuance on Bonds	(22,713)

In the statement of activities, interest is accrued on outstanding bonds
 whereas in governmental funds, an interest expenditure is reported when due 1,904

Change in Net Assets of Governmental Activities **\$ (3,178,910)**

See accompanying notes to the basic financial statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. REPORTING ENTITY

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

The District is governed by a Board of Trustees that acts as the authoritative and legislative body of the entity. The Board is comprised of seven members of whom five are voting and two are ex-officio (non-voting). Each Board member serves a term of two years and there are no term limits for reappointment. The five voting Board members are appointed by the Board of Clermont County Commissioners. The Speaker of the Ohio House of Representatives and the President of the Ohio Senate each appoint one ex-officio member. None of the Board members receive compensation for serving on the Board.

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

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

The District's management believes these financial statements represent all activities for which the District is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government.

The Statement of Net Assets presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There is one category of funds: Governmental.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District has the following major governmental funds:

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

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

Wolfpen Pleasant Hill Improvement Project Fund - Provides for construction of additional lanes to facilitate north-south travel between SR 28 and SR 131, and additional turn lanes to accommodate access.

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

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

C. Measurement Focus

Governmental-wide Financial Statements - The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

All governmental funds are accounted for using a *flow of current financial resources* measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash" on the balance sheet and statement of net assets.

F. Capital Assets

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

G. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

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

H. Interfund Transactions

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

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provision, enabling legislation, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

As of December 31, 2011, net assets of the District total a negative \$405,981. The negative net asset balance is a result of applying generally accepted accounting principles (GAAP). GAAP requires the reporting of total long term debt obligations while amounts reported for receivables under the intergovernmental agreements that were used as collateral for the debt are limited to amounts formally appropriated by the District's funding partners. In lieu of appropriating the intergovernmental agreement in its entirety, the funding partners formally appropriate the current year's portion of the agreement, on an annual basis, effective at the inception of each calendar year.

J. Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted - The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Trustees.

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

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

K. Estimates

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

3. CHANGES IN ACCOUNTING PRINCIPLES

For 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54 which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The implementation of this statement did not result in a restatement of the Township's financial statements.

4. EQUITY IN POOLED CASH

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

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

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

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

At year-end, the carrying amount of the District's deposits was \$8,838,330 and the bank balance was \$8,632,490. Deposits in transit and outstanding checks represent the difference between the carrying and bank balances. Federal depository insurance covered \$757,020 of the bank balance. The remaining \$7,875,470 was collateralized in the manner described above.

5. INTERGOVERNMENTAL AGREEMENTS

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

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

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

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

The remaining amended intergovernmental agreement balances covering pledged revenues as of December 31, 2011, are as follows:

	<u>Remaining Agreement</u>
Clermont County Commissioners	\$23,375,000
Clermont County Engineers Office	17,000,000
Miami Township	9,000,000
Union Township	500,000
City of Milford	<u>75,000</u>
Total	<u>\$49,950,000</u>

6. LONG-TERM DEBT

Changes in the long-term debt of the District during 2011 were as follows:

	Maturity/ Interest Rate	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2011</u>	Amount Due Within <u>One Year</u>
Series 2007 Roadway Improvement Bonds – \$5,000,000	2016 3.875- 4.250%	\$3,520,000	\$ -	(\$530,000)	\$2,990,000	\$550,000
Premium		51,583	-	(14,158)	37,425	12,107
Series 2010 Roadway Improvement Bonds – \$5,925,000	2025 1.20- 5.35%	<u>5,925,000</u>	<u>-</u>	<u>(350,000)</u>	<u>5,575,000</u>	<u>350,000</u>
Total		<u>\$9,496,583</u>	<u>\$ -</u>	<u>(\$894,158)</u>	<u>\$8,602,425</u>	<u>\$912,107</u>

During 2007, the District issued \$5,000,000 of Clermont County Transportation Improvement District Roadway Improvement Revenue Bonds, Series 2007, dated December 5, 2007, to finance the first phase of the District's Regional Transportation Improvement Program. The remaining balance of the Series 2007 bonds will mature on December 1 in various amounts ranging from \$550,000 in 2012 to \$650,000 in 2016. Interest, at rates varying from 3.875 percent to 4.250 percent per annum, is payable semi-annually on June 1 and December 1.

During 2010, the District issued \$5,925,000 of Clermont County Transportation Improvement District Roadway Improvement Revenue Bonds, Series 2010, dated June 3, 2010, to finance the second phase of the District's Regional Transportation Improvement Program. The balance of the Series 2010 bonds will mature on December 1 in various amounts ranging from \$350,000 in 2012 to \$470,000 in 2025. Interest, at rates varying from 1.75 percent to 5.35 percent per annum, is payable semi-annually on June 1 and December 1. The Series 2010 Bonds are Recovery Zone Economic Development Bonds subject to a Federal subsidy that reimburses the District 45 percent of interest payable on the Bonds.

The District has pledged receipts which consist of 1) the Project Funding, 2) future Project Funding 3) net RID revenues and 4) any other revenues, such as gifts or grants, to the extent they are not prohibited by their terms, to repay the principal and interest on the bonds. The bonds are payable from pledged revenues through 2025. Annual principal and interest payments on the bonds after the Federal subsidy are expected to require approximately 38 percent of annual pledged revenues through 2016 and 17 percent from 2017 through 2025.

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

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Gross Interest</u>	<u>Federal Subsidy</u>	<u>Total</u>
2012	\$900,000	\$362,610	(\$107,566)	\$1,155,044
2013	930,000	335,172	(104,809)	1,160,363
2014	955,000	304,540	(101,375)	1,158,165
2015	985,000	268,813	(96,677)	1,157,136
2016	1,020,000	230,418	(91,257)	1,159,161
2017-2021	1,980,000	772,865	(347,789)	2,405,076
2022-2025	<u>1,795,000</u>	<u>377,722</u>	<u>(243,692)</u>	<u>1,929,030</u>
Total	<u>\$8,565,000</u>	<u>\$2,652,140</u>	<u>(\$1,093,165)</u>	<u>\$10,123,975</u>

7. CONTRACTUAL COMMITMENTS

As of December 31, 2011, the District had open unpaid contractual commitments related to various projects as follows:

<u>Contract Amounts</u>	<u>Paid to Date</u>	<u>Remaining Commitments</u>
<u>\$11,638,565</u>	<u>\$5,997,693</u>	<u>\$5,640,872</u>

8. TRANSFERS

During the year, the District transferred a total of \$9,165,208 from the General Fund to the following funds to provide funding for project expenditures and debt payments:

<u>Transfer-In Fund</u>	<u>Amount</u>
Debt Service	\$1,157,892
Business 28 Phase I Improvement Project Fund	2,786,344
Wolfpen Pleasant Hill Improvement Project	1,615,239
Castleberry Court to I-275 Project Fund	1,297,312
Other Governmental Funds	<u>2,308,421</u>
Total	<u>\$9,165,208</u>

Also during 2011, Other Government Funds transferred \$114,557 to the General Fund to return unused funds originally provided by the General Fund in prior years.

9. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- General liability
- Public Officials Liability
- Crime

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

SUPPLEMENTAL INFORMATION

**Clermont County Transportation Improvement District
Combining Balance Sheet
All Governmental Funds
December 31, 2011**

	General Fund	Debt Service Fund	Business 28 Phase I Improvements Project Fund	Wolfpen- Pleasant Hill Improvement Project Fund	Castleberry Court to I-275 Project Fund	Aicholtz Road Profile Improvement Project Fund	Eastern Corridor Tier 2 Project Fund
Assets							
Equity in Pooled Cash	\$ 6,665,528	\$ -	\$ 195,906	\$ 664,547	\$ 11,683	\$ 315,138	\$ -
Intergovernmental Receivable	497	-	429,631	331,378	482,337	-	-
Prepaid Construction Deposit	-	-	-	-	642,302	-	-
Contractor Retainage Accounts	-	-	195,418	105,128	-	-	-
Total Assets	\$ 6,666,025	\$ -	\$ 820,955	\$ 1,101,053	\$ 1,136,322	\$ 315,138	\$ -
Liabilities							
Accounts Payable	\$ 16,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts Payable	-	-	625,537	664,547	11,683	315,138	-
Deferred Revenue	497	-	-	331,378	482,337	-	-
Retainage Accounts Payable	-	-	195,418	105,128	-	-	-
Total Liabilities	17,232	-	820,955	1,101,053	494,020	315,138	-
Fund Balances							
Restricted	-	-	-	-	642,302	-	-
Unassigned	6,648,793	-	-	-	-	-	-
Total Fund Balances	6,648,793	-	-	-	642,302	-	-
Total Liabilities and Fund Balances	\$ 6,666,025	\$ -	\$ 820,955	\$ 1,101,053	\$ 1,136,322	\$ 315,138	\$ -

(continued)

**Clermont County Transportation Improvement District
Combining Balance Sheet
All Governmental Funds
December 31, 2011
(continued)**

	Aicholtz Road Connector Project Fund	Eastgate North Frontage Road Project Fund	Tina Drive Extension Project Fund	Environmental Mitigation & Streamlining Strategy Project Fund	Old SR 74 Widening Project Fund	SR 32 Corridor East Project Fund	Stonelick- Williams Corner Covered Bridge Project Fund
Assets							
Equity in Pooled Cash	\$ 2,760	\$ 102,158	\$ -	\$ -	\$ 318	\$ 1,065	\$ 3,238
Intergovernmental Receivable	-	-	-	-	-	-	-
Prepaid Construction Deposit	-	-	-	-	-	-	-
Contractor Retainage Accounts	-	-	-	-	-	-	-
Total Assets	<u>\$ 2,760</u>	<u>\$ 102,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318</u>	<u>\$ 1,065</u>	<u>\$ 3,238</u>
Liabilities							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts Payable	2,760	102,158	-	-	318	1,065	3,238
Deferred Revenue	-	-	-	-	-	-	-
Retainage Accounts Payable	-	-	-	-	-	-	-
Total Liabilities	<u>2,760</u>	<u>102,158</u>	<u>-</u>	<u>-</u>	<u>318</u>	<u>1,065</u>	<u>3,238</u>
Fund Balances							
Restricted	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 2,760</u>	<u>\$ 102,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318</u>	<u>\$ 1,065</u>	<u>\$ 3,238</u>

(continued)

**Clermont County Transportation Improvement District
Combining Balance Sheet
All Governmental Funds
December 31, 2011
(continued)**

	Clough Pike Improvement Project Fund	Oasis Rail Corridor Tier 2 Project Fund	US 50 & SR 131 Milford Pkwy Intersection Project Fund	SR 131 McCormick Trail Project Fund	IR 275 at SR 450 Interchange Modification Project Fund	SR 28 & Branch Hill Intersection Improvements Project Fund	US 50 & SR 450 Improvements Project Fund
Assets							
Equity in Pooled Cash	\$ 135,347	\$ -	\$ 46,016	\$ 250,000	\$ -	\$ 52,985	\$ 61,572
Intergovernmental Receivable	-	-	-	-	-	-	-
Prepaid Construction Deposit	-	-	-	-	-	-	-
Contractor Retainage Accounts	-	-	-	-	-	-	-
Total Assets	\$ 135,347	\$ -	\$ 46,016	\$ 250,000	\$ -	\$ 52,985	\$ 61,572
Liabilities							
Accounts Payable	-	-	-	-	-	-	-
Contracts Payable	135,347	-	46,016	-	-	52,985	61,572
Deferred Revenue	-	-	-	250,000	-	-	-
Retainage Accounts Payable	-	-	-	-	-	-	-
Total Liabilities	135,347	-	46,016	250,000	-	52,985	61,572
Fund Balances							
Restricted	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	-	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 135,347	\$ -	\$ 46,016	\$ 250,000	\$ -	\$ 52,985	\$ 61,572

(continued)

**Clermont County Transportation Improvement District
Combining Balance Sheet
All Governmental Funds
December 31, 2011
(continued)**

	TDM Enhancements Project Fund	Ivy Pointe Improvement Project Fund	Laurel Drive Emergency Culvert Project Fund	Middle East Fork Balance Growth Project Fund	Clermont County ITS-Phase 2 Project Fund	Total
Assets						
Equity in Pooled Cash	\$ -	\$ -	\$ -	\$ -	\$ 29,523	\$ 8,537,784
Intergovernmental Receivable	-	-	-	-	-	1,243,843
Prepaid Construction Deposit	-	-	-	-	-	642,302
Contractor Retainage Accounts	-	-	-	-	-	300,546
Total Assets	\$ -	\$ -	\$ -	\$ -	\$ 29,523	\$ 10,724,475
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,735
Contracts Payable	-	-	-	-	29,523	2,051,887
Deferred Revenue	-	-	-	-	-	1,064,212
Retainage Accounts Payable	-	-	-	-	-	300,546
Total Liabilities	-	-	-	-	29,523	3,433,380
Fund Balances						
Restricted	-	-	-	-	-	642,302
Unassigned	-	-	-	-	-	6,648,793
Total Fund Balances	-	-	-	-	-	7,291,095
Total Liabilities and Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ 29,523	\$ 10,724,475

Clermont County Transportation Improvement District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
For the Year Ended December 31, 2011

	General Fund	Debt Service Fund	Business 28 Phase I Improvements Project Fund	Wolfpen- Pleasant Hill Improvement Project Fund	Castleberry Court to I-275 Project Fund	Aicholtz Road Profile Improvement Project Fund	Eastern Corridor Tier 2 Project Fund
Revenues:							
Intergovernmental Revenue	\$ 4,049,000	\$ -	\$ 1,167,460	\$ 1,146,182	\$ -	\$ -	\$ -
Grant Revenues	250,000	-	-	-	-	-	-
Federal Interest Subsidy	-	109,456	-	-	-	-	-
Interest Income	8,597	-	-	-	-	-	-
Total Revenues	4,307,597	109,456	1,167,460	1,146,182	-	-	-
Expenditures							
Current:							
General Government	309,452	-	-	-	-	-	-
Program Implementation	69,641	-	-	-	-	-	-
Public Works	-	-	3,953,804	2,761,421	655,010	420,908	56,342
Debt Service:							
Redemption of Principal	-	880,000	-	-	-	-	-
Interest Expense	-	387,348	-	-	-	-	-
Total Expenditures	379,093	1,267,348	3,953,804	2,761,421	655,010	420,908	56,342
Excess (Deficiency) of Revenues Over Expenditures	3,928,504	(1,157,892)	(2,786,344)	(1,615,239)	(655,010)	(420,908)	(56,342)
Other Financing Sources (Uses):							
Transfers-In	114,557	1,157,892	2,786,344	1,615,239	1,297,312	420,908	56,342
Transfers-Out	(9,165,208)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(9,050,651)	1,157,892	2,786,344	1,615,239	1,297,312	420,908	56,342
Net Change in Fund Balances	(5,122,147)	-	-	-	642,302	-	-
Fund Balance at Beginning of Year	11,770,940	-	-	-	-	-	-
Fund Balance at End of Year	\$ 6,648,793	\$ -	\$ -	\$ -	\$ 642,302	\$ -	\$ -

(continued)

Clermont County Transportation Improvement District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
For the Year Ended December 31, 2011
(continued)

	Aicholtz Road Connector Project Fund	Eastgate North Frontage Road Project Fund	Tina Drive Extension Project Fund	Environmental Mitigation & Streamlining Strategy Project Fund	Old SR 74 Widening Project Fund	SR 32 Corridor East Project Fund	Stonelick- Williams Corner Covered Bridge Project Fund
Revenues:							
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Revenues	-	-	-	-	-	-	-
Federal Interest Subsidy	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Expenditures							
Current:							
General Government	-	-	-	-	-	-	-
Program Implementation	-	-	-	-	-	-	-
Public Works	220,391	242,170	187,236	9,688	127,292	11,439	48,374
Debt Service:							
Redemption of Principal	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-
Total Expenditures	220,391	242,170	187,236	9,688	127,292	11,439	48,374
Excess (Deficiency) of Revenues Over Expenditures	(220,391)	(242,170)	(187,236)	(9,688)	(127,292)	(11,439)	(48,374)
Other Financing Sources (Uses):							
Transfers-In	220,391	242,170	187,236	9,688	127,292	11,439	48,374
Transfers-Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	220,391	242,170	187,236	9,688	127,292	11,439	48,374
Net Change in Fund Balances	-	-	-	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

Clermont County Transportation Improvement District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
For the Year Ended December 31, 2011
(continued)

	Clough Pike Improvement Project Fund	Oasis Rail Corridor Tier 2 Project Fund	US 50 & SR 131 Milford Pkwy Intersection Project Fund	SR 131 McCormick Trail Project Fund	IR 275 at SR 450 Interchange Modification Project Fund	SR 28 & Branch Hill Intersection Improvements Project Fund	US 50 & SR 450 Improvements Project Fund
Revenues:							
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Revenues	-	-	-	-	-	-	-
Federal Interest Subsidy	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Expenditures							
Current:							
General Government	-	-	-	-	-	-	-
Program Implementation	-	-	-	-	-	-	-
Public Works	476,266	25,170	202,618	688	4,150	52,985	110,307
Debt Service:							
Redemption of Principal	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-
Total Expenditures	476,266	25,170	202,618	688	4,150	52,985	110,307
Excess (Deficiency) of Revenues Over Expenditures	(476,266)	(25,170)	(202,618)	(688)	(4,150)	(52,985)	(110,307)
Other Financing Sources (Uses):							
Transfers-In	476,266	25,170	202,618	688	4,150	52,985	110,307
Transfers-Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	476,266	25,170	202,618	688	4,150	52,985	110,307
Net Change in Fund Balances	-	-	-	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

Clermont County Transportation Improvement District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
For the Year Ended December 31, 2011
(continued)

	TDM Enhancements Project Fund	Ivy Pointe Improvement Project Fund	Laurel Drive Emergency Culvert Project Fund	Middle East Fork Balance Growth Project Fund	Clermont County ITS-Phase 2 Project Fund	Total
Revenues:						
Intergovernmental Revenue	\$ 114,557	\$ -	\$ 96,634	\$ -	\$ -	\$ 6,573,833
Grant Revenues	-	-	-	-	-	250,000
Federal Interest Subsidy	-	-	-	-	-	109,456
Interest Income	-	-	-	-	-	8,597
Total Revenues	<u>114,557</u>	<u>-</u>	<u>96,634</u>	<u>-</u>	<u>-</u>	<u>6,941,886</u>
Expenditures						
Current:						
General Government	-	-	-	-	-	309,452
Program Implementation	-	-	-	-	-	69,641
Public Works	-	2,888	96,634	1,500	108,009	9,775,290
Debt Service:						
Redemption of Principal	-	-	-	-	-	880,000
Interest Expense	-	-	-	-	-	387,348
Total Expenditures	<u>-</u>	<u>2,888</u>	<u>96,634</u>	<u>1,500</u>	<u>108,009</u>	<u>11,421,731</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>114,557</u>	<u>(2,888)</u>	<u>-</u>	<u>(1,500)</u>	<u>(108,009)</u>	<u>(4,479,845)</u>
Other Financing Sources (Uses):						
Transfers-In	-	2,888	-	1,500	108,009	9,279,765
Transfers-Out	<u>(114,557)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,279,765)</u>
Total Other Financing Sources (Uses)	<u>(114,557)</u>	<u>2,888</u>	<u>-</u>	<u>1,500</u>	<u>108,009</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-	-	(4,479,845)
Fund Balance at Beginning of Year	-	-	-	-	-	11,770,940
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>7,291,095</u>

CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
Schedule of Federal Awards Expenditures
for the year ended December 31, 2011

Federal Grantor/Pass Through Grantor Program Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements
U. S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	PID-79111	20.205	\$ 795,060
Highway Planning and Construction	PID-82139	20.205	980,182
Highway Planning and Construction	PID-82140	20.205	<u>475,137</u>
Total U.S. Department of Transportation			<u>2,250,379</u>
TOTAL FEDERAL AWARDS			<u>\$ 2,250,379</u>

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

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



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

To the Board:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Clermont County Transportation Improvement District, Clermont County, Ohio (the District), a component unit of Clermont County, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 4, 2012, wherein we noted that the District implemented GASB Statements No. 54. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

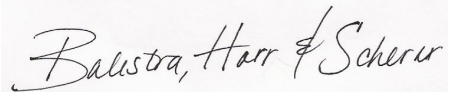
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*

We intend this report solely for the information and use of management, the Board of Trustees, federal awarding agencies, pass-through entities, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
May 4, 2012



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Members of the Board
Clermont County Transportation Improvement District
2381 Clermont Center Drive
Batavia, Ohio 45103

Compliance

We have audited the compliance of Clermont County Transportation Improvement District, Clermont County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect Clermont County Transportation Improvement District's major federal program for the year ended December 31, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Clermont County Transportation Improvement District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

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

Members of the Board
Clermont County Transportation Improvement District
Report on Compliance with Requirements Applicable to each Major Federal Program and on
Internal Control Over Compliance Required by OMB Circular A-133
Page 2

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of management, the Members of the Board, others within the district, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
May 4, 2012

**Clermont County Transportation Improvement District
Clermont County, Ohio**

**Schedule of Findings
OMB Circular A-133 Section §.505
December 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

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

**Clermont County Transportation Improvement District
Clermont County, Ohio**

**Schedule of Findings
OMB Circular A-133 Section §.505
December 31, 2011**

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

None noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted



Dave Yost • Auditor of State

CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 17, 2012