

*Montgomery County, Ohio
Transportation Improvement District*



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



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Accountants' Report* of the Transportation Improvement District of Montgomery County, prepared by BKD LLP, for the audit period January 1, 2004 through December 31, 2004. 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 Transportation Improvement District of Montgomery County is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

July 27, 2005

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**Montgomery County, Ohio
Transportation Improvement District**

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

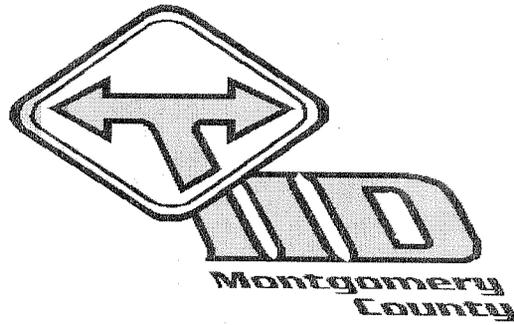
**Prepared by:
Sean Fraunfelter, CPA
Director of Finance**

**MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2004**

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INTRODUCTORY



SECTION



Montgomery County Transportation
Improvement District

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

April 30, 2005

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, 2004. The CAFR is presented in three sections:

1. The Introductory section includes the table of contents, this transmittal letter, a list of principal officials, the District's organizational chart, and the 2003 GFOA Certificate of Achievement for Excellence in Financial Reporting.
2. The Financial section includes the management's discussion and analysis, basic financial statements and the individual fund schedules, as well as the report of independent accountant on the financial statements.
3. The Statistical section includes a number of tables depicting the financial history of the District for the past three years, as well as information on subjects such as Montgomery County demographics.

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

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

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

DISTRICT ORGANIZATION AND REPORTING ENTITY

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

Component units are also part of the reporting entity. These are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization or (2) the District is entitled to or can otherwise access the organization's resources. In this case, the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization or the District is obligated for the debt of the organization. Component units may also include organizations in which the District approves the budget, the issuance of debt or the levying of taxes. The District has no component units.

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

ECONOMIC CONDITION AND MAJOR INITIATIVES

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

Road Improvements

Austin Centre Interchange

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

The local governments have been working for most of the 2004 year on the finance plan relating to the Austin Centre Interchange. The governments are addressing three phases of the plan. First the interchange proper, which is the overpass and approximately one thousand feet east and west of the overpass. The second phase is the relocation of Byers Road and completion of the widening to State Route 725. The third phase being the relocation of Austin Road to the north and widening to State Route 741.

The local governments have agreed to start right-of-way of discussions with surrounding land owners to expedite the process once final approval has been received from the Federal Highway Administration and Ohio Department of Transportation.

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

State Route 202 and 201 Interchanges at Interstate 70

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

CAPITAL ASSETS

The District continued work on the Austin Centre Interchange project and ended the fiscal year with \$3,412,284. For more information on the District's capital assets see Note 3 to the financial statements.

DEBT ADMINISTRATION

The District had no debt obligations at December 31, 2004.

CASH MANAGEMENT

The District Finance Director is in charge of the District's cash management program. All District cash is pooled for investment purposes. Longer term investments consist of Certificates of Deposit insured by the Federal Deposit Insurance Corporation or protected by either pledged collateral held in trust by the Federal Reserve Bank or pooled collateral, United States Agency Obligations and commercial paper. During 2004, the District earned \$18,177 in interest. A majority of the District's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of the public funds on deposit. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions hold the collateral. The District regularly reviews the market value of the pool to insure that adequate collateral is being provided.

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

RISK MANAGEMENT

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

OTHER INFORMATION

Independent Audit

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

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial reporting (CAFR) for the fiscal year ended December 31, 2003. This was the first 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 2004 CAFR meets these requirements and will successfully receive the award also.

Acknowledgements

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

Respectfully submitted,



Secretary/Treasurer



Executive Director



MONTGOMERY COUNTY
TRANSPORTATION IMPROVEMENT DISTRICT
2004 BOARD MEMBERS

Voting:

Eric Cluxton, Chairperson
Jonathan Hollingsworth,
Vice-Chairperson
Kathy Hoyng
Don Porter, Treasurer
Mike Robinette

Fifth Third Bank

J. Hollingsworth & Associates, LLC
Deloitte & Touche, L.L.P.
Architect
Miami Valley Regional
Planning Commission

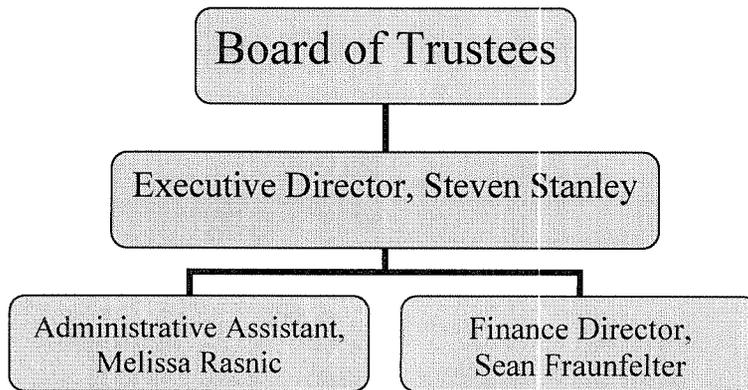
Non Voting:

Jeff Jacobson
Jon Husted

Ohio Senate
State Representative



MONTGOMERY COUNTY ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Montgomery County
Transportation Improvement
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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



Nancy L. Ziehl

President

Jeffrey R. Emery

Executive Director

FINANCIAL



SECTION



Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Montgomery County, Ohio (the "District") as of and for the year ended December 31, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Montgomery County, Ohio as of December 31, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

BKD, LLP

April 14, 2005

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004

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, 2004. Please review it in conjunction with the basic financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The District had \$4.88 million in net assets at December 31, 2004, an increase of \$.22 million over fiscal year 2003.
- The District had \$.62 million in program expenses that were offset by \$.52 million of program revenues. The general revenues of \$.33 million were enough to cover the variance.
- Governmental fund revenues were \$.82 million for 2004 with 57% of those revenues related to the general operating costs of the District.
- The General fund had a net asset increase of \$.20 million during 2004 while the other major funds reflected a negative change in net assets as the project expenses increased during the year.

USING THIS ANNUAL REPORT

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

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins here. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse as a result of the year's activities?" With net assets increasing by \$.22 million, the answer is clearly yes. The question we hope to answer is, "Where is the District going and will it be able to get there?"

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

Major Funds – General

State Route 201/202 Project Austin Centre Interchange

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 11 and provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State law. However, the Board establishes many 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 15-27 of this report.

THE DISTRICT AS A WHOLE

As stated previously, the Statement of Net Assets looks at the District as a whole. The following table provides a summary of the District's net assets for 2004 compared to 2003.

	Net Assets		
	2003	2004	Change
Current Assets	\$1,612,709	\$4,635,951	\$3,023,242
Noncurrent Assets	3,116,420	3,412,284	295,864
Total Assets	4,729,129	8,048,235	3,319,106
Current Liabilities	(72,427)	(3,167,304)	(3,094,877)
Net Assets:			
Invested in Capital Assets	3,116,420	3,412,284	295,864
Restricted	190,838	0	(190,838)
Unrestricted	1,349,444	1,468,647	119,203
Total Net Assets	\$4,656,702	\$4,880,931	\$224,229

The District saw a small increase in net assets from 2003 to 2004 as the District focused efforts on moving the Austin Centre Interchange project and all the bi-products of that project forward. The District slowed involvement in the State Route 202 and 201 project as certain right of way was appropriated and pending settlement.

The following tables look at the change in the District's revenues and expenses from 2003 to 2004.

	Statement of Activities		
	2003	2004	Change
Program Revenues:			
Charges for Services	\$184,832	\$19,490	(\$165,342)
Operating Grants	637,564	0	(637,564)
Capital Grants	3,148,216	499,506	(2,648,710)
General Revenues:			
Operating Grants	1,483,284	312,500	(1,170,784)
Interest	12,747	18,177	5,430
Other	700	0	(700)
Total Revenue	5,467,343	849,673	(4,617,670)
Program Expenses			
General Government	860,312	625,444	(234,868)
Economic Development	121,273	0	(121,273)
Total Expenses	981,585	625,444	(356,141)
Change in Net Assets	4,485,758	224,229	(4,261,529)
Beginning Net Assets	170,944	4,656,702	4,485,758
Ending Net Assets	\$4,656,702	\$4,880,931	\$224,229

The large change in both revenues and expenses from 2003 to 2004 can be explained with the same reason. During 2003, the District was granted \$4,500,000 in an EDGE grant from Montgomery County and used those funds to purchase the Long Farm property. With less free cash flow, the District was limited in some of the activity that it could proceed with in right of way acquisitions. The District is also waiting final approval from the Ohio Department of Transportation and the Federal Highway Administration before proceeding with any additional right of way purchases.

THE DISTRICT'S FUNDS

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

General	\$1,489,107
State Route 201/202 Project	(149,054)
Austin Centre Interchange	(44,234)

The general fund balance is used to fund the other two projects until certain financing obligations are received. The State Route 201/202 project was in a deficit based on the intergovernmental receivable outstanding at the end of the year for District expenditures that will be reimbursed when the City of Huber Heights takes its initial draw on the State Infrastructure Bank loan for the State Route 202 project. The Austin Centre Interchange project saw a net asset decrease by \$.24 million as the District expended additional monies in some of the additional projects that need to be reimbursed by the participating governments.

The District expended \$.92 million in governmental funds during the year with 72% of that being spent on the District's two main capital projects.

Original and Final Budgets – General Fund

The original budget was prepared in July 2003 when the District was still not certain on how it would finance certain projects and with little known about revenues that would be received. The budget actually decreased as some of the anticipated charges for services from the State Route 202 project were delayed into 2005. The District increased final budget expenditures as some additional overhead costs were anticipated that the District did not account for with the original budget.

Final versus Actual Budget – General Fund

The District's final revenue was higher than the final budget as the County sent the 1st quarter 2005 operating money in late December and the District received slightly higher administration fees for some small projects towards the end of the year. The District's actual expenditures were under final budget as some legal fees were not paid until the first of the following year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District capitalized \$.32 million in construction in progress during the year. The District will track the project expenditures as construction in progress and once the project is completed the various improvements will be dedicated to the appropriate agency. See note 3 of the financial statements for more information.

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

ECONOMIC FACTORS

The District was created to operate on the countywide basis. In the summer, the staff and Trustees met to discuss and reprioritize projects. The District evaluated the 2003 list of needed projects that covers the various areas of the county. The County is divided by one of the major north-south interstate in the country and a prime location for midwest companies to locate. With the District's main focuses on the State Route 202/201 interchanges to the north and Austin Centre Interchange to the south of the City of Dayton, the District is trying to work with all communities located in the county.

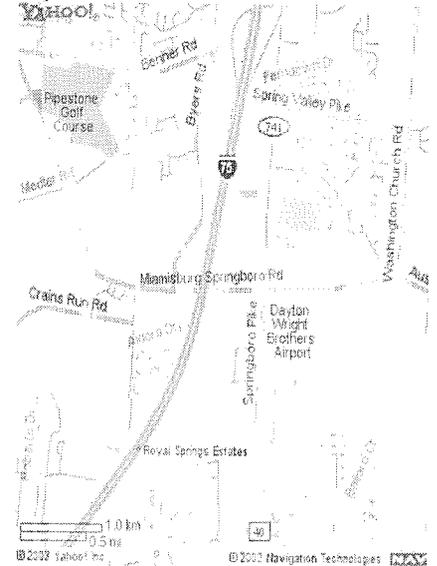
The District continues to evaluate the eastern and western corridors of the county as a way to expedite economic growth throughout the county. The Interstate corridor will be a major development down the road as the District, the Miami Valley Regional Planning Commission and Department of Transportation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

It is important that the District is able to succeed in the development of the listed and future projects not only for Montgomery County and its residents, but also for the longevity of the District. The TID is currently wrapping a \$500,000 grant from the Montgomery County Commissioners in 2002 for operating support and project management through the first quarter of 2005. The District will need to generate management fees from mature projects to continue to absorb early stage costs of developing projects. With additional projects to better the transportation quality of Montgomery County, the District will be able to prosper while providing the residents with an easier way to get from one place to the next.

Request for Information

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


Steven B. Stanley
Executive Director



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MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

STATEMENT OF NET ASSETS
DECEMBER 31, 2004

Assets:

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$ 1,430,273
Intergovernmental Receivable	3,205,678
<i>Total Current Assets</i>	<u>4,635,951</u>

Noncurrent Assets:

Capital Assets - Construction in Progress	3,412,284
Total Assets	<u>8,048,235</u>

Liabilities:

Current Liabilities:

Accounts Payable	133,102
Contracts Payable	4,262
Deferred Revenue	3,029,940
Total Liabilities	<u>3,167,304</u>

Net Assets:

Invested in Capital Assets, Net of Related Debt	3,412,284
Unrestricted	1,468,647
Total Net Assets	<u>\$ 4,880,931</u>

See accompanying notes to the financial statements

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

BALANCE SHEET -
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2004

	<u>General</u>	<u>State Route 201/202 Project</u>	<u>Austin Centre Interchange</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,404,001	\$ -	\$ 26,272	\$ 1,430,273
Receivables:				
Intergovernmental	-	175,738	3,029,940	3,205,678
Interfund Loan	111,640	-	-	111,640
Total Assets	\$ 1,515,641	\$ 175,738	\$ 3,056,212	\$ 4,747,591
Liabilities				
Liabilities				
Payable:				
Accounts	\$ 26,534	\$ 40,324	\$ 66,244	133,102
Contracts	-	-	4,262	4,262
Interfund Loan	-	111,640	-	111,640
Deferred Revenue	-	172,828	3,029,940	3,202,768
Total Liabilities	<u>26,534</u>	<u>324,792</u>	<u>3,100,446</u>	<u>3,451,772</u>
Fund Balances (Deficit)				
Reserved for:				
Encumbrances	-	-	38,857	38,857
Unreserved, reported in:				
General	1,489,107	-	-	1,489,107
Capital Projects (Deficit)	-	(149,054)	(83,091)	(232,145)
Total Fund Balances (Deficit)	<u>1,489,107</u>	<u>(149,054)</u>	<u>(44,234)</u>	<u>1,295,819</u>
Total Liabilities and Fund Balances	\$ 1,515,641	\$ 175,738	\$ 3,056,212	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 3,412,284

Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds 172,828

Net Assets of Governmental Activities **\$ 4,880,931**

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, 2004

	<u>General</u>	<u>State Route 201/202 Project</u>	<u>Austin Centre Interchange</u>	<u>Total Governmental Funds</u>
Revenues:				
Intergovernmental	\$ 312,500	\$ 80,977	\$ 69,105	\$ 462,582
Charges for Services	137,368	-	-	137,368
Investment Earnings	18,177	-	-	18,177
All Other	-	-	199,234	199,234
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	468,045	80,977	268,339	817,361
Expenditures:				
Current:				
General Government	260,726	-	-	260,726
Capital Outlay	-	157,171	503,411	660,582
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	260,726	157,171	503,411	921,308
Net Change in Fund Balances	207,319	(76,194)	(235,072)	(103,947)
Fund Balances (Deficit) - beginning	1,281,788	(72,860)	190,838	
Fund Balances (Deficit) - ending	<u>\$ 1,489,107</u>	<u>\$ (149,054)</u>	<u>\$ (44,234)</u>	

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

Capital Additions are reported as expenditures in governmental funds.
However, in the statement of activities, the cost of capital assets is
allocated over their estimated useful lives as depreciation expense.
In the current period, these amounts are:

295,864

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

32,312

Change in Net Assets of Governmental Activities

\$ 224,229

See accompanying notes to the financial statements

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental Revenue	\$ 250,000	\$ 250,000	\$ 312,500	\$ 62,500
Charges for Services	133,000	107,000	137,368	30,368
Investment Earnings	16,000	18,000	18,177	177
All Other		1,000	700	(300)
Total Revenues	<u>399,000</u>	<u>376,000</u>	<u>468,745</u>	<u>92,745</u>
Expenditures:				
Current:				
General Government	<u>265,326</u>	<u>315,326</u>	<u>270,794</u>	<u>44,532</u>
Total Expenditures	<u>265,326</u>	<u>315,326</u>	<u>270,794</u>	<u>44,532</u>
Excess of Revenues Over Expenditures	<u>133,674</u>	<u>60,674</u>	<u>197,951</u>	<u>137,277</u>
Fund Balance Beginning of Year	<u>1,317,690</u>	<u>1,317,690</u>	<u>1,317,690</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 1,451,364</u>	<u>\$ 1,378,364</u>	<u>\$ 1,515,641</u>	<u>\$ 137,277</u>

Budget Basis	\$ 197,951
Revenue Accruals	(700)
Expenditure Accruals	<u>10,068</u>
GAAP Basis	<u>\$ 207,319</u>

See accompanying notes to the financial statements

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Government-wide and fund financial statements

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental funds:

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

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

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

Revenues - Exchange and Non-exchange Transactions

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

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Expenses/Expenditures

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

D. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The estimated revenues may be further amended during the year if the Board determines an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final budget resolution issued during 2004.

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.

E. Cash and Cash Equivalents

Cash received by the District is pooled for investment purposes. Equity interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the statement of net assets and governmental fund balance sheet by activity or fund. During fiscal year 2004, the District had no investments.

Following Ohio statutes, the Board of Directors has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2004 amount to \$18,177, which includes \$1,353 assigned from other District funds.

*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

F. Interfund Transactions

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

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

G. Capital Assets

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

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

H. Intergovernmental Revenues

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

I. Reservations of Fund Balance

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

*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Net Assets

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

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.

L. Interfund Activity

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

NOTE 2 – DEPOSIT AND INVESTMENTS

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

Category 1 consists of “active” funds – those funds required to be kept in “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds – those funds not required for use within the current two-year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004*

NOTE 2 – DEPOSIT AND INVESTMENTS (Continued)

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

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 – DEPOSIT AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation it will be held to maturity. Investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

A. Deposits

At year-end the carrying amount of the District’s deposits was \$1,430,273 and the bank balance was \$1,479,028. The entire bank balance was covered by federal depository insurance (category 1) or by collateral held by the District’s agent in the agent’s name (category 3).

B. Investments

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

The District had no investments at December 31, 2004.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2004, was as follows:

	Balance 12/31/03	Increases	Decreases	Balance 12/31/04
Governmental Activities				
Capital Assets, not being depreciated				
Construction in Progress	\$3,116,420	\$320,864	\$25,000	\$3,412,284
Total	<u>\$3,116,420</u>	<u>\$320,864</u>	<u>\$25,000</u>	<u>\$3,412,284</u>

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 4 – INTERGOVERNMENTAL REVENUES

The following entities, which are a part of the District, have contributed the following funds during 2004.

Member Name	Contribution (Budgetary Basis)
Montgomery County	\$312,500
City of Huber Heights	106,757
City of Springboro	95,080
City of Dayton	10,000
City of Miamisburg	10,000

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, 2004:

Vendor	Outstanding Balance
LJB, Inc. – Byers Road Alignment	\$33,637

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 2004, the District contracted with the Brower Insurance agency for liability, property, and crime damage. Coverages provided by the company are as follows:

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

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 7 – ACCOUNTABILITY

At December 31, 2004, the State Route 201/202 Project and Austin Centre Interchange Capital Projects funds had deficit fund balances of \$149,054 and \$44,234 respectively. The deficits were created by application of generally accepted accounting principles. The general fund provides cash to this fund; however that does not happen until needed.

NOTE 8 – DAYTON PORT AUTHORITY RECEIVABLE

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

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

NOTE 9 – 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.

NOTE 9 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

MVRPC contracts periodically for local funds and other support with the governing board of each of the governments who are members of MVRPC or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the MVRPC. This Board consists of one elected official of each City and municipal corporation, one individual selected by each City planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member City. This Board of Trustees then selects not more than ten residents of the MVRPC Region. The total membership of the Board of Trustees shall not exceed 100. Any member of MVRPC may withdraw its membership upon written notice to MVRPC be effective two years after receipt of the notice by MVRPC. The District made no payments to MVRPC during 2004. To obtain financial information, write to Gary Bellotti, Controller. To obtain financials statements of the Miami Valley Regional Planning Commission, write to MVRPC at One Dayton Center, One South Main Street, Suite 260, Dayton, Ohio 45402.

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

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Public Employees Retirement System

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

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

- The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan
- The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 10 – DEFINED BENEFIT PENSION PLAN

- The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. Contributions are authorized by State statute. The contribution rates are determined actuarially. The District's required contributions to PERS for the years ended December 31, 2004, was \$4,829. 82 percent has been contributed for 2004 with the remainder being reported as a liability within the general fund. The District implemented the pension plan contribution during 2004.

NOTE 11- POST EMPLOYMENT BENEFITS

Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 employer contribution rate was 13.55 percent of covered payroll; 4 percent was the portion that was used to fund health care for 2004.

For 2004, benefits are advanced-funded on an actuarially determined basis. The Ohio Revised Code provides the statutory authority requiring public employees to fund postretirement health care through their contributions to PERS. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. As of December 31, 2004, the unaudited estimated net assets available for future OPEB payments were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively. At December 31, 2004, the total number of benefit recipients eligible for OPEB through PERS was 369,885. The District's actual contributions for 2004 that were used to fund OPEB were \$1,866.

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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)
STATE ROUTE 201 AND 202 FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental Revenue	\$ 142,000	\$ 250,000	\$ 106,827	\$ (143,173)
Total Revenues	142,000	250,000	106,827	(143,173)
Expenditures:				
Capital Outlay	137,725	137,725	139,188	(1,463)
Total Expenditures	137,725	137,725	139,188	(1,463)
Excess of Revenues Over Expenditures	4,275	112,275	(32,361)	(144,636)
Fund Balance Beginning of Year	(99,562)	(99,562)	(99,562)	-
Fund Balance (Deficit) End of Year	\$ (95,287)	\$ 12,713	\$ (131,923)	\$ (144,636)

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AUSTIN CENTRE INTERCHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental Revenue	\$ 3,740,000	\$ 200,000	\$ 69,105	\$ (130,895)
All Other	22,000	200,000	199,234	(766)
Total Revenues	<u>3,762,000</u>	<u>400,000</u>	<u>268,339</u>	<u>(131,661)</u>
Expenditures:				
Capital Outlay	3,825,000	575,000	446,389	128,611
Total Expenditures	<u>3,825,000</u>	<u>575,000</u>	<u>446,389</u>	<u>128,611</u>
Excess of Revenues Over Expenditures	<u>(63,000)</u>	<u>(175,000)</u>	<u>(178,050)</u>	<u>(3,050)</u>
Fund Balance Beginning of Year	204,322	204,322	204,322	-
Fund Balance (Deficit) End of Year	<u>\$ 141,322</u>	<u>\$ 29,322</u>	<u>\$ 26,272</u>	<u>\$ (3,050)</u>

STATISTICAL



SECTION

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

GENERAL FUND EXPENDITURES BY FUNCTION

LAST THREE YEARS

<u>Year</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Total</u>
2002	\$ 144,278	\$ -	\$ 144,278
2003	217,391	-	217,391
2004	260,726	660,582	921,308

Source: Transportation Improvement District

Note: The District's first fiscal year was 2002

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

GENERAL FUND REVENUE BY SOURCE

LAST THREE YEARS

Year	Intergovernmental	Charges for Services	Interest	Other	Total
2002	\$ 303,990	\$ -	\$ 1,442	\$ 19	\$ 305,451
2003	1,343,534	31,025	12,747	700	1,388,006
2004	462,582	137,368	18,177	199,234	817,361

Source: Transportation Improvement District

Note: The District's first fiscal year was 2002

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

DEMOGRAPHIC STATISTICS

DECEMBER 31, 2004

Labor Force Statistics

Employment by Industrial Sector (2001) (2)

Manufacturing	51,985
Wholesale/retail trade	44,043
Health care and social assistance	39,836
Government	35,884
Accommodation and food services	22,320
Administrative and waste services	21,149
Professional and technical services	15,251
Transportation and warehousing	11,319
Construction	10,837
Other	39,852

Major Employers (2)

CNF Inc/Emery Forwarding
Dayton City Bd of Ed
Delphi Corp
DPL Inc.
General Motors Corp
Kettering Medical Center
MeadWestvaco Corp
NCR Corp
Reed Elsevier/Lexis-Nexus
Reynolds and Reynolds
Standard Register
University of Dayton
US Federal Government

County (1)

	Employment	Unemployment	Labor Force	Unemployment Rate (1)	
				State	US
2002	261,200	14,700	275,900	5.00%	6.00%
2003	270,500	13,300	283,800	5.50%	5.70%
2004	257,000	15,800	272,800	5.80%	5.10%

Source (1) Ohio Bureau of Employment Statistics
(2) Dayton Chamber of Commerce (2001 Lastest Information)

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

ASSESSED VALUATION, NEW CONSTRUCTION AND BANK DEPOSITS

LAST THREE YEARS

<u>Year</u>	<u>Real Property</u>	<u>Tangible Personal Property</u>	<u>Total New Construction (1)</u>	<u>Bank Deposits (2)</u>
2002	\$ 7,568,805,050	\$ 1,585,734,273	\$ 995,392,000	\$ 241,447,000,000
2003	8,550,482,230	1,526,429,698	1,106,861,000	249,614,000,000
2004	8,756,010,240	1,226,314,927	1,293,763,000	250,930,000,000

(1) Includes Dayton-Springfield MSA new construction
Source: Dayton Chamber of Commerce Report
Dayton Area Economic Indicators - February 2005

(2) Includes all Montgomery County
Source: Department of Data Services, Federal Reserve Bank of Cleveland

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

MISCELLANEOUS STATISTICS

DECEMBER 31, 2004

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

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

We have audited the financial statements of the Transportation Improvement District of Montgomery County, Ohio (the "District") as of and for the year ended December 31, 2004, and have issued our report thereon dated April 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

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

BKD, LLP

April 14, 2005



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

**MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
MONTGOMERY COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 9, 2005**