

Montgomery County Transportation Improvement District



Yellow Book Report

December 31, 2014

Serving Miami Valley's Local Governments For 70 Years

PLATTENBURG
Certified Public Accountants



Dave Yost • Auditor of State

Board of Trustees
Montgomery County Transportation Improvement District
451 West Third Street
Dayton, Ohio 45422

We have reviewed the *Independent Auditor's Report* of the Montgomery County Transportation Improvement District, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

August 6, 2015

This page intentionally left blank.

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

Board of Trustees
Montgomery County Transportation Improvement District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Montgomery County Transportation Improvement District (the District), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 23, 2015.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of audit findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of audit findings as Finding 2014-1 to be a material weakness.

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Dayton, Ohio

June 23, 2015

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
SCHEDULE OF AUDIT FINDINGS
December 31, 2014

2014-1 Finding Type —Material Weakness—Controls Related to Financial Reporting

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

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

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

We provided adjustments to the District which corrected the misstatements prior to the issuance of the financial statements. The misstatements related to assets, fund-level liabilities/debt service transactions, long-term liabilities, intergovernmental receivable/revenue, deferred inflows, fund balance and net position.

Recommendation:

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

Management's Response:

Management agrees.

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2014

Summary of Prior Audit Findings:

2013-1 Finding Type —Material Weakness—Controls Related to Financial Reporting

For the year ended December 31, 2013 certain misstatements were identified in the financial statements requiring adjustment in order to present the 2013 financial statements in accordance with accounting principles generally accepted in the United States of America. The misstatements related to deferred inflows and unearned revenue.

Status: Partially corrected –reissued as Finding 2014-1

**Montgomery County, Ohio
Transportation Improvement District**

**Comprehensive Annual
Financial Report**

**For the Fiscal Year Ended
December 31, 2014**

**MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2014**

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

| | |
|--|------|
| Transmittal Letter | i |
| Economic Condition and Major Initiatives | ii |
| 2014 Board Members | vii |
| Organizational Chart | viii |
| GFOA Certificate of Achievement | ix |

II. FINANCIAL SECTION

| | |
|---|----|
| INDEPENDENT AUDITORS' REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4 |
| BASIC FINANCIAL STATEMENTS: | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 11 |
| Statement of Activities | 12 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 13 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 14 |
| Notes to the Basic Financial Statements | 15 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund | 31 |
| Notes to the Required Supplementary Information | 32 |
| INDIVIDUAL FUND SCHEDULES | |
| Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis): | |
| Austin Center Interchange Fund | 34 |
| Kingsridge Road Project Fund | 35 |
| Dayton Airport Rail Freight Project Fund | 36 |
| Statement of Changes in Fiduciary Assets and Liabilities | 37 |

III. STATISTICAL SECTION

| | |
|--|----|
| Statistical Section Descriptions | 39 |
| Net position by Component – Last Ten Years | 40 |
| Changes in Net Position – Last Ten Years | 41 |
| Fund Balances, Governmental Funds – Last Ten Years | 42 |
| Changes in Fund Balances, Governmental Funds – Last Ten Years | 43 |
| Revenue Bond Coverage – Kingsridge Road – Last Seven Fiscal Years | 44 |
| Revenue Bond Coverage – Austin Center Interchange – Last Five Years | 45 |
| Revenue Bond Coverage – Austin Landing – Last Five Years | 46 |
| Ratio of Special Obligation Bonds per Capita – Last Seven Fiscal Years | 47 |
| Top Ten Principal Employers – Last Year and Nine Years Ago | 48 |
| Demographic Statistics – Last Ten Years | 49 |
| Full Time Equivalent Government Employees – Last Ten Years | 50 |
| Miscellaneous statistics | 51 |

INTRODUCTORY

SECTION

This page intentionally left blank.

June 30, 2015

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, 2014.

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 and finance projects that will improve transportation and support economic development in Montgomery County. The District was created in 2001 when the Montgomery County Commission saw the need to expedite high priority transportation related construction projects throughout the county that would support and promote economic development.

The District's first projects were in the City of Huber Heights beginning in 2001. The District worked with the City of Huber Heights, Montgomery County and the Ohio Department of Transportation (ODOT) to rebuild and improve by 2006 existing interchanges on Interstate 70 at State Route 201 and State Route 202.

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

The District secured initial ODOT grants in 2011 to begin work on two new projects near the Dayton International Airport. The first of those projects was the realignment and reconstruction of Dog Leg Road, which was substantially completed in 2014 and now services Proctor & Gamble's new Dayton Mixing Center in the City of Union. The second project was for the extension of freight rail service from a CSX main line east of Interstate 75 to available development land on both the eastern and western sides of the interstate highway. This project is still in the preliminary engineering phase. The District has also been working with the surrounding communities to develop an area-wide development plan that is focused on the potential of private sector development of

logistics and manufacturing facilities in the northern portion of the county near the I-70/I-75 Interchange and the Dayton International Airport.

DISTRICT ORGANIZATION AND REPORTING ENTITY

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

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

The District is associated with the following jointly governed organization: Miami Valley Regional Planning Commission, which is presented in Note 10 to the basic financial statements.

ECONOMIC CONDITION AND MAJOR INITIATIVES

Montgomery County is the fourth largest county in Ohio with a population of 535,153 according to the 2010 Census. Its county seat and largest municipality is the City of Dayton with a population of 141,527 according to the 2010 Census. Two of the nation's most heavily traveled interstate highways, I-75 and I-70, intersect in Montgomery County and are primary transportation and development corridors that serve and support the region.

Road Improvements

Austin Center Interchange

The District has worked with a variety of local governments; including Montgomery County, the City of Miamisburg, Miami Township, the City of Springboro, the City of Dayton, Washington Township, the City of Centerville, the Dayton-Montgomery County Port Authority, the Miami Valley Regional Planning Commission and ODOT, to build the Austin Interchange. The participating governments agreed to a multi-jurisdictional land use plan for the proposed interchange area and continued to meet regularly to evaluate projects as development has moved significantly forward since 2011 with an estimated increased property valuation in the area of \$150 million.

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

During 2007 and 2008, the District was able to acquire all the necessary parcels and relocate affected businesses and residents in order to certify the acquisition of right of way to the Ohio Department of Transportation. In January 2009, the District issued over \$25 million in bond anticipation notes to make the required deposit for the construction project start as managed by the Ohio Department of Transportation. Those notes came due in October but the District was able to reduce the overall obligation by \$7 million when the notes were reissued.

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

As part of the Austin Center Interchange Project, the District has been involved with the development activities on the northeast corner of the interchange, "Austin Landing". This development was the first major activity adjacent to the interchange. The District, Montgomery County, Miami Township and the developer entered into agreements for financing and construction significant public infrastructure to support a total of \$94 million of new private sector development. The first two buildings were completed and occupied during 2010. The developer started another office building and parking garage during 2011 which were completed and opened in 2012. The Kohls on the southeast corner was open during 2011. The development has seen significant additional hospitality, retail and office space being built in 2013-14 and on into 2015. The respective notes for the second phase were replaced by revenue bonds in early 2015.

On the northwest corner, the District was involved in providing additional access from the Interchange and Austin Boulevard to the Motoman facility. The Byers Road project was completed at the end of 2011 with improved access. The District was also able to receive back the equity contribution as the Dayton Montgomery County Port Authority sold off the Long Farm property to the City of Miamisburg. The City of Miamisburg is looking at significant development around Byers Road and to the north of Motoman over the next several years, which will increase the incremental assessed valuation in the City of Miamisburg.

Dogleg Road

Since 2011, the District has applied for and received from ODOT grants for funding preliminary engineering costs of the Dog Leg Road (the “project”). The District managed the redesign of local roadways on this project to allow better access, traffic movement and open up additional land for economic development. The importance and scope of the project increased significantly as Montgomery County and the City of Union were able to secure one of Proctor and Gamble’s (P&G) new consolidated packaging and distribution facilities adjacent to the new planned alignment for Dogleg Road. P&G’s Dayton Mixing Center brought on additional construction activity for the District with related storm water and other utilities needed in the area. The Dayton Mixing Center is a 1.8 million square foot facility that will provide over 1,000 new jobs to the region and significantly contribute to the valuation of the area. Through cooperative agreements with Montgomery County, the City of Union, and the Dayton-Montgomery County Port Authority, the District was successful in financing \$11.7 million through the ODOT State Infrastructure Bank and receiving over \$1.2 million from JobsOhio for the project, which will help the District, County and City of Union complete other needed improvements in the area including State Route 40 improvements.

Mound Connector Project

Since 2011, the District applied for and received from ODOT grants for funding preliminary engineering and related costs of the Mound Connector Project (the “project”). The District is working with the City of Miamisburg and the Montgomery County Engineer (the “Engineer”) to provide better access to the Mound Business Park, a former US Department of Energy nuclear weapons production facility located in the City of Miamisburg. The District has provided nearly \$900 thousand to the project from ODOT grants and the City of Miamisburg and has been working with the Engineer and the City to find matching funds for their Miami Valley Regional Planning Commission funds for phase 1 of the project.

Multi-Modal Rail Project

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

INTERNAL CONTROLS

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide

reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

SIGNIFICANT FINANCIAL POLICIES

The District's revenue is tied to the projects that it manages. The Board has made it a policy to charge fees for the projects the District manages or finances. The fee policy allows for the discretion of the Board to vary from the prescribed policy if the Board and Executive Director determine the District's involvement is critical to the completion of the project. The District typically takes the fee during the issuance of bonds on the projects. The District also has made a concerted effort to keep overhead costs low by having accounting contracted through the Butler County TID and for most of 2014 using the Dayton Chamber of Commerce for administrative support and office space. In December 2014, the District moved its offices to the Montgomery County building. For additional information on the District's financials please review the Management's Discussion and Analysis starting on page 3.

FACTORS AFFECTING FINANCIAL CONDITION

The District has a limited source of revenues that can be derived to help fund operations. The District is focusing on administrative charges for project development/completion to finance operations. The District annually examines the list of current projects and other projects throughout Montgomery County that can be expedited through the District's streamlined process.

The County's unemployment rate for December 2014 was 4.8 percent, which is down 2.3 percent from the 2013 rate. As the economy continues to recover, the District has been lucky to have partners in Montgomery County, Miami Township, and Cities of Union, Miamisburg and Springboro that are forward thinking and willingly to use their own balance sheets to finance development projects in the Austin Center Interchange and Dogleg Road areas. This activity will help alleviate the financial stress that reduced income taxes, property taxes and sales taxes have put on our local government partners as the anticipated development will produce significant amount of revenue for all three of those local governments along with the Butler Township, the City of Vandalia and the City of Dayton. The District continues to work with a very small operating budget in comparison to the project activity.

OTHER INFORMATION

Independent Audit

This report includes an unqualified audit report regarding the District's financial statements. Plattenburg & Associates, Inc. conducted this year's audit. The Independent Auditors' Report on the basic financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial reporting (CAFR) for the fiscal year ended December 31, 2013. This was the eleventh 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 2014 CAFR meets these requirements and will successfully receive the award also.

Acknowledgements

A note of sincere appreciation is extended to many hardworking and committed people who have contributed their time and effort to prepare this report. The District staff would like to extend their sincere appreciation to the hard working Board Members and those individuals at the Montgomery County Commission and Economic Development offices that made it possible for the District to achieve the success it has so far. The District would also like to thank our local government partners and development partners for their dedication and drive to see projects such as Project Walnut, Austin Center Interchange, Byers Road and Austin Landing become a reality. We also want to make a special mention to our dedicated staff members Crystal Davidson and Linda Gum, for the hard work they do to help us deliver on our project commitments. A special note of thanks is extended to our legal counsel, Beverly Shillito, Gregory Daniels and Chris Franzmann, for their efforts to put together all the financing documents necessary to bring our projects to reality.

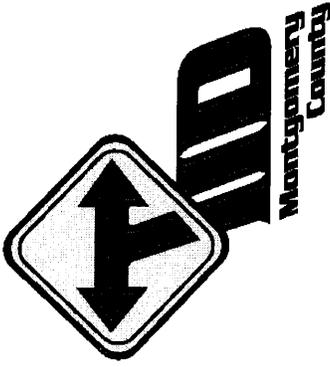
Respectfully submitted,



Executive Director



Secretary/Treasurer



**MONTGOMERY COUNTY
TRANSPORTATION IMPROVEMENT DISTRICT**

2014 BOARD MEMBERS

| <i>Voting</i> | <i>Occupation</i> | <i>Board Member Since</i> |
|-------------------------------------|------------------------------------|---------------------------|
| Art Meyer, Chairperson | Community Leader | January 2008 |
| Eric Cluxton, Treasurer | Miamisburg Development Corporation | August 2001 |
| Scott Kelley | Community Leader | January 2013 |
| Stephanie Singer – Vice Chairperson | Reed Elsevier Technology | February 2011 |
| David Bills | Brown and Bills Group | June 2012 |

**2014 Montgomery County
Transportation Improvement District**

Board of Trustees

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

TID Executive Director

Steve Stanley

**Administrative
Assistants**

**Melissa Rasnic
Linda Gum**

DACC

Administrative Support Staff

Project Manager

Crystal Davidson

Sebaly Shillito + Dyer

General Counsel

Butler County TID

Accounting

General Counsel

Bev Shillito

Finance Director

Sean Fraunfelter



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

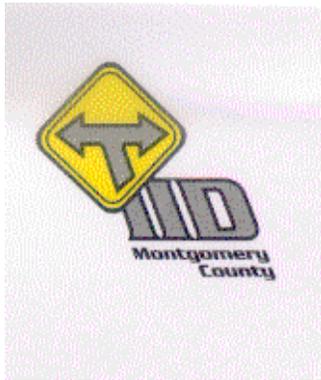
Presented to

**Montgomery County
Ohio Transportation Improvement
District**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO



FINANCIAL

SECTION

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Montgomery County Transportation Improvement District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Montgomery County Transportation Improvement District (the District) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Dayton, Ohio

June 23, 2015

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014. Please review it in conjunction with the basic financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The District had \$27.2 million in net position at December 31, 2014, an increase of \$3.9 million over fiscal year 2013 mainly due to recognition construction in progress on the District's project mainly Project Walnut.
- The District had \$3.4 million in program expenses that were offset by \$6.8 million of program revenues.
- Governmental fund revenues were \$9.9 million for 2014 with 93 percent of those revenues related to reimbursements for project costs or debt service of the District.
- The District received over \$6.8 million from local governments to pay for the construction of related infrastructure related to Project Walnut and the Dog Leg realignment project (reported in the Dayton Airport Rail Freight Project fund.)

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11-12) provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements start on page 13. These statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant funds.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the District as a whole begins here. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse as a result of the year's activities?" As the net position increased by \$3.9 million, the answer is still very much yes. The District continues to work on critical projects for Montgomery County to provide an economic development tool with projects such as Austin Center Interchange and Project Walnut. The question we hope that we are answering is, "Where is the District going and are we headed in the right direction?"

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer those two questions. These statements include all the assets 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 position* and changes in it. One can think of the District's net position, 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 position is one indicator of whether its *financial health* is improving or deteriorating. One will need to consider other nonfinancial factors, however, such as changes in the District's jurisdiction, the availability of capital projects, and continuing local government support to assess the **overall health** of the District.

Reporting the District's Most Significant Funds

Major Funds

General

Austin Center Interchange

Kingsridge Road Project

Dayton Airport Rail Freight Project

Fund Financial Statements

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 13 and provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State law. However, the Board establishes other funds to help control and manage money for a particular purpose (ex. various capital project funds). The District only has governmental and agency funds.

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

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. There is no basic fiduciary fund financial statement as the fund was closed during the year.

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 15-30 of this report.

Required supplementary Information: The District presents budgetary information for the General fund in the required supplementary information along with notes that described the District’s budgetary process. The required supplementary information can be found on pages 31-33 of this report.

Individual Fund Schedules. The individual fund budgetary versus actual schedules provide more detailed information about each individual fund for the District. These schedules can be found starting on page 34 of this report.

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

THE DISTRICT AS A WHOLE

As stated previously, the Statement of Net Position looks at the District as a whole. The following table provides a summary of the District’s net position for 2014 compared to 2013.

| | Net Position | | |
|----------------------------------|--------------------|--------------|----------------|
| | 2013 (Restated) | 2014 | Change |
| Current Assets and Other Assets | \$64,633,726 | \$51,860,561 | (\$12,773,165) |
| Capital Assets | 55,867,192 | 68,189,210 | 12,322,018 |
| Total Assets | 120,500,918 | 120,049,771 | (451,147) |
| Current Liabilities | 30,121,609 | 14,979,027 | (15,142,582) |
| Long-Term Liabilities | 32,756,490 | 42,653,102 | 9,896,612 |
| Total Liabilities | 62,878,099 | 57,632,129 | (5,245,970) |
| Deferred Inflows of Resources | 34,006,269 | 34,917,127 | 910,858 |
| Net Position: | | | |
| Net Investment in Capital Assets | 14,441,402 | 29,627,520 | 15,186,118 |
| Restricted | 0 | 7,631,387 | 7,631,387 |
| Unrestricted | 9,175,148 | (9,758,392) | (18,933,540) |
| Total Net Position | \$23,616,550 | \$27,500,515 | \$3,883,965 |

The District recognized a significant increase in capital assets as the construction projects around the Project Walnut site was going full force with the District running the various infrastructure improvements. This had a large impact on the capital asset change and also the net investment in capital assets. The current assets and other assets decreased with the District spending down reserves from the short term bond anticipation notes for the Austin Landing Phase 2 project. The District also reported a large current asset for the intergovernmental receivables due from the local governments for their revenue pledges to pay the District’s debt obligations. The current liabilities decreased with the District’s line of credit for cash purposes on the Project Walnut expenses in 2013 and reduced accounts payable.

The long-term liabilities decreased as the District paid down three of the four outstanding long term obligations. The District is using restricted federal earmarks for the current debt service obligations on the Austin Interchange project.

The following tables look at the change in the District's revenues and expenses from 2014 to 2013.

| Statement of Activities | | | |
|-----------------------------|----------------------------|----------------------------|-----------------------------|
| | 2013 (Restated) | 2014 | Change |
| Program Revenues: | | | |
| Capital Grants | \$10,740,441 | \$6,840,733 | (\$3,899,708) |
| General Revenues: | | | |
| Interest | 13,385 | 4,847 | (8,538) |
| Other | 239,237 | 403,553 | 164,316 |
| Total Revenue | <u>10,993,063</u> | <u>7,249,133</u> | <u>(3,743,930)</u> |
| Program Expenses | | | |
| General Government | 851,730 | 1,350,214 | 498,484 |
| Transportation | 600,000 | 183,522 | (416,478) |
| Interest and Fiscal Charges | 1,801,309 | 1,831,432 | 30,123 |
| Total Expenses | <u>3,253,039</u> | <u>3,365,168</u> | <u>112,129</u> |
| Change in Net Position | 7,740,024 | 3,883,965 | <u><u>(\$3,856,059)</u></u> |
| Beginning Net Position | <u>15,876,526</u> | <u>23,616,550</u> | |
| Ending Net Position | <u><u>\$23,616,550</u></u> | <u><u>\$27,500,515</u></u> | |

Capital grants decreased although the District received additional revenue for the Project Walnut infrastructure projects around the Dayton International Airport. The District reports intergovernmental revenues as unearned revenue related to the Austin Interchange, Austin Landing Phase 1 Austin Landing Phase 2 related projects debt service payments.

The District increased the general government expenses as 2013 saw more activity related to projects that is not considered part of the capital improvement cost for Project Walnut although the general fund's general government operating expenses did increase \$67,000 from the 2013 amount as the operating expenses increased to develop projects. Although the capital project expenses are not capitalized they are reimbursed through our agreements so the net position for the District is not impacted.

THE DISTRICT'S FUNDS

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

| | |
|-------------------------------------|-----------|
| General | \$ 97,087 |
| Austin Center Interchange | (325,052) |
| Kingsridge Road Project | 473,624 |
| Dayton Airport Rail Freight Project | 1,273,718 |

The general fund balance is used to fund the other projects until certain financing obligations are received. The general fund saw an eighty-four percent decrease in 2014 as the District did not receive any administrative fees during the year and used the operating balance to cover expenses on projects that will be reimbursed in 2015. The District used the beginning balance to cover the operating expenses.

The Austin Center Interchange project saw a fund balance decrease by \$9.5 million. The District has unearned revenue from Miami Township grant revenue in this fund as all the "Austin Center" projects, including Austin Landing, are accounted for here. The District did pay \$1,252,152 in principal on the Austin Interchange, Byers Road and Austin Landing obligations. The District also spent funding on the Austin Landing Phase 2 development with another \$4.6 million of principal related to parking lot leases.

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

The Dayton Airport Rain Freight project was a new fund in 2012 for the District. The District has been working with our northern local governments on a logistics park study around the Dayton International Airport and also engineering improvements to Dogleg Road. The District has grant agreements for both of these projects through the Ohio Department of Transportation programs. The District increased activity during 2013 to include the related infrastructure for Project Walnut near the Dayton International Airport with the majority of construction finishing during 2014.

The District expended \$13 million during 2014 down from the 2013 amount of \$16.7 million. 94 percent of the expenditures were capitalized for the District's infrastructure projects.

Original and Final Budgets – General Fund

The original budget was prepared in July 2013 when the District believed there would be additional project fees in 2014; however, those fees did not materialize as the projects did not close as expected.

The District increased final budget expenditures by 14% as the District anticipated spending some additional on professional services that would not have been eligible to project reimbursement that never happened.

Final versus Actual Budget – General Fund

The final budget to actual revenues were pretty much in line as the other revenues increased slightly because of plan sales. The final expenditures were decreased from the final budget as the additional costs never materialized.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District capitalized \$12.3 million in construction in progress during the year. The District tracks the project expenditures as construction in progress and once the project is completed the various improvements will be dedicated to the appropriate agency. See note 3 of the financial statements for more information.

The District has four bonds outstanding totaling \$32.5 million for projects in the Austin Center area, Kingsridge project and the Byers Road project. There is also a long term note payable of \$11.4 million on Austin Landing Phase 2 and line of credit payable for the final Austin Landing Phase 1 right of way payment. For more information, see notes 7 and 8 of the financial statements.

ECONOMIC FACTORS

The District was created to operate on a countywide basis. In the winter, the staff and Trustees met to discuss and reprioritize projects. The District updated the list of needed projects that covers the various areas of the county during the 2014 retreat, which includes looking at several projects around the Dayton International Airport. One of the main projects includes work on City of Union logistics park that could possibly duplicate the valuation success the District has brought to southern portion of the County. The County is divided by one of the major north-south interstates in the country and is a prime location for midwest companies to locate.

With the District's focus on the Austin Center area to the south of the City of Dayton wrapping up in 2014, the area has seen Phase 2 development increase that will bring over \$150 million in development into the area adjacent to the Interchange by 2015. The District continues to look at projects in the area, such as, the Mound Connector road improvements that has committed over \$1.6 million to engineering and additional construction work contract in 2013 for the Five Rivers Metro trail from Austin Landings to the Great Miami River.

The District continues to evaluate the northern, eastern and western corridors of Montgomery County as a way to expedite economic growth throughout the county. The Interstate corridor will be a major development down the road as the District, the Miami Valley Regional Planning Commission and Department of Transportation jointly tackle this task. The future provides an opportunity for the District to work with our northern county governments to make improvements to areas in their jurisdiction.

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

Request for Information

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

A handwritten signature in black ink, appearing to read 'S. Stanley', written in a cursive style.

Steven B. Stanley
Executive Director

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2014

| | |
|---|----------------------|
| Assets: | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 2,106,366 |
| Restricted Cash and Cash Equivalents | 5,658,147 |
| Intergovernmental Receivable | 41,121,904 |
| Interest Receivable | 2,974,144 |
| <i>Total Current Assets</i> | <u>51,860,561</u> |
| Noncurrent Assets: | |
| Depreciable Capital Assets | 4,807,703 |
| Nondepreciable Capital Assets | 63,381,507 |
| <i>Total Noncurrent Assets</i> | <u>68,189,210</u> |
| Total Assets | <u>120,049,771</u> |
| | |
| Liabilities: | |
| Current Liabilities: | |
| Accounts Payable | 1,904,186 |
| Contracts Payable | 684,560 |
| Accrued Interest Payable | 123,379 |
| Line of Credit Payable | 1,650,000 |
| Current Portion of Special Obligation Bonds Payable | 1,525,860 |
| Unearned Revenue | 9,091,042 |
| <i>Total Current Liabilities</i> | <u>14,979,027</u> |
| Noncurrent Liabilities: | |
| Long Term Notes Payable | 11,435,000 |
| State Infrastructure Bank Loan Payable | 1,937,978 |
| Special Obligation Bonds Payable | 29,280,124 |
| <i>Total Noncurrent Liabilities</i> | <u>42,653,102</u> |
| Total Liabilities | <u>57,632,129</u> |
| | |
| Deferred Inflows of Resources: | |
| Intergovernmental Revenues | 34,917,127 |
| Total Deferred Inflows of Resources: | <u>34,917,127</u> |
| | |
| Net Position: | |
| Net Investment in Capital Assets | 29,627,520 |
| Restricted | 7,631,387 |
| Unrestricted | (9,758,392) |
| Total Net Position | <u>\$ 27,500,515</u> |

See accompanying notes to the financial statements

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Change in Net Position |
|--|---------------------|-------------------------|--|---|
| | Expenses | Charges for Services | Capital Grants and Contributions | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 1,350,214 | \$ - | 4,907,887 | \$ 3,557,673 |
| Transportation | 183,522 | - | - | (183,522) |
| Interest and Fiscal Charges | 1,831,432 | - | 1,932,846 | 101,414 |
| Total Primary Government | \$ 3,365,168 | \$ - | 6,840,733 | \$ 3,475,565 |
| General Revenues: | | | | |
| Unrestricted Investment Earnings | | | | 4,847 |
| Miscellaneous | | | | 403,553 |
| Total General Revenues | | | | 408,400 |
| Change in Net Position | | | | 3,883,965 |
| Net Position - Beginning (Restated) | | | | 23,616,550 |
| Net Position - Ending | | | | \$ 27,500,515 |

See accompanying notes to the financial statements

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

| | General | Austin Center Interchange | Kingsridge Road Project | Dayton Airport Rail Freight Project | Total Governmental Funds |
|---|-------------------|------------------------------|----------------------------|--|--------------------------------|
| Assets: | | | | | |
| Cash and Cash Equivalents | \$ 113,291 | \$ - | \$ 473,624 | \$ 1,519,451 | \$ 2,106,366 |
| Receivables: | | | | | |
| Interest | - | 2,974,144 | - | - | 2,974,144 |
| Intergovernmental | - | 36,908,997 | 4,075,000 | 137,907 | 41,121,904 |
| Restricted Assets: | | | | | |
| Restricted Cash and Cash Equivalents | - | 5,658,147 | - | - | 5,658,147 |
| Total Assets | \$ 113,291 | \$ 45,541,288 | \$ 4,548,624 | \$ 1,657,358 | \$ 51,860,561 |
| Liabilities | | | | | |
| Payable: | | | | | |
| Accounts | \$ 16,204 | \$ 1,843,006 | \$ - | \$ 44,976 | 1,904,186 |
| Contracts | - | 372,800 | - | 311,760 | 684,560 |
| Unearned Revenue | - | 2,117,393 | - | - | 2,117,393 |
| Line of Credit | - | 1,650,000 | - | - | 1,650,000 |
| Total Liabilities | 16,204 | 5,983,199 | - | 356,736 | 6,356,139 |
| Deferred Inflows of Resources: | | | | | |
| Intergovernmental Revenues | - | 39,883,141 | 4,075,000 | 26,904 | 43,985,045 |
| Total Deferred Inflows of Resources: | - | 39,883,141 | 4,075,000 | 26,904 | 43,985,045 |
| Fund Balances | | | | | |
| Restricted for Capital Purposes | - | 5,463,443 | 473,624 | 1,273,718 | 7,210,785 |
| Unassigned | 97,087 | (5,788,495) | - | - | (5,691,408) |
| Total Fund Balances | 97,087 | (325,052) | 473,624 | 1,273,718 | 1,519,377 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 113,291 | \$ 45,541,288 | \$ 4,548,624 | \$ 1,657,358 | |
| Amounts reported in governmental activities in the statement of net position are different because: | | | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | | | 68,189,210 |
| Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds. | | | | | 2,094,269 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | | | | |
| | | | Special Obligation Bonds | | (41,990,860) |
| | | | Premium/Discount | | (250,124) |
| | | | State Infrastructure Loan | | (1,937,978) |
| | | | Accrued Interest Payable | | (123,379) |
| Net Position of Governmental Activities | | | | | \$ 27,500,515 |

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, 2014

| | <u>General</u> | <u>Austin Center Interchange</u> | <u>Kingsridge Road Project</u> | <u>Dayton Airport Rail Freight Project</u> | <u>Total Governmental Funds</u> |
|---|------------------|----------------------------------|--------------------------------|--|---------------------------------|
| Revenues: | | | | | |
| Intergovernmental | \$ - | \$ 1,963,984 | \$ 398,300 | \$ 6,842,612 | \$ 9,204,896 |
| Investment Earnings | 284 | 327,721 | - | - | 328,005 |
| All Other | 6,231 | 385,319 | - | - | 391,550 |
| Total Revenues | <u>6,515</u> | <u>2,677,024</u> | <u>398,300</u> | <u>6,842,612</u> | <u>9,924,451</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General Government | 526,750 | 107,729 | - | 181,944 | 816,423 |
| Capital Outlay | - | 9,171,269 | - | 3,868,062 | 13,039,331 |
| Debt Service: | | | | | |
| Principal | - | 5,882,152 | 200,000 | - | 6,082,152 |
| Interest | - | 1,638,059 | 198,300 | - | 1,836,359 |
| Total Expenditures | <u>526,750</u> | <u>16,799,209</u> | <u>398,300</u> | <u>4,050,006</u> | <u>21,774,265</u> |
| Deficiency of Revenues Under Expenditures | <u>(520,235)</u> | <u>(14,122,185)</u> | <u>-</u> | <u>2,792,606</u> | <u>(11,849,814)</u> |
| Other Financing Sources (Uses): | | | | | |
| Face of Value of Long Term Notes | - | 11,435,000 | - | - | 11,435,000 |
| Inception of Capital Leases | - | 4,630,000 | - | - | 4,630,000 |
| Total Other Financing Sources | <u>-</u> | <u>16,065,000</u> | <u>-</u> | <u>-</u> | <u>16,065,000</u> |
| Net Change in Fund Balances | (520,235) | 1,942,815 | - | 2,792,606 | 4,215,186 |
| Fund Balances - beginning | 617,322 | (2,267,867) | 473,624 | (1,518,888) | |
| Fund Balances - ending | <u>\$ 97,087</u> | <u>\$ (325,052)</u> | <u>\$ 473,624</u> | <u>\$ 1,273,718</u> | |

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

| | |
|---|--------------------|
| Capital Additions are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The current year additions to construction in progress and land exceeded depreciation in the current period, the net amount is: | 12,322,018 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (2,687,320) |
| In the statement of activities, interest is accrued on outstanding bonds; whereas, in governmental funds, interest is expensed when due. In the statement of activities, issuance costs are amortized over the useful but in governmental funds they are expensed when paid. In the current year, this is impact of both items: | 16,929 |
| The issuance of long term debt provides current financial resources to governmental funds, then the repayment reduces long-term liabilities in the statement of net position. In the current year, this net amount is: | <u>(9,982,848)</u> |

Change in Net Position of Governmental Activities \$ 3,883,965

See accompanying notes to the financial statements

*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

The accompanying basic financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization’s governing body and either (1) the District’s ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

B. Government-wide and fund financial statements

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Fund Accounting

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

Governmental Funds

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental funds:

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

Austin Center Interchange – The District is working with local municipalities in coordination of modifying the existing overpass into a full interchange with Interstate 75. The main construction on the interchange project has been completed and was opened to the public during the 2010 year. The District is continuing to work on the landscaping around the interchange, as well as, several other projects. One of those projects was the Byers Road relocation and widening which opened during the summer of 2011. The District also is working on the Austin Landing project that is already showing significant development into the northeast corner of the Interchange and has moved into Phase 2 of development.

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

Dayton Airport Rail Freight Project – The District has successfully received funding from the Transportation Review Advisory Council and the State of Ohio House Bill 114 funding to work on the logistics park analysis and Dogleg Road project in the northern part of the County. The District is also working with the City of Union and Montgomery County on the logistic park (referred to locally as Project Walnut) to provide infrastructure needs to support the Proctor and Gamble large manufacturing facility.

Additionally, the District reports the following fund type:

Fiduciary Funds

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues - Exchange and Non-exchange Transactions

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

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

Deferred Inflows of Resources

Deferred inflows of resources arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources. The District reports a very large deferred inflow of resources resulting from local governments' pledge of payment to the District in relation to the capital appreciation bonds or general obligation bonds they issued for payment of the District's related special obligation bonds and loans.

Unearned Revenue

The District reports unearned revenue in relation to the grant revenue received from Miami Township in respect to the Park and Recreational Trail project around the Austin Landing Development. The Township provided the money to the District but the District has the obligation to complete the respective projects in order to recognize the revenue. The District also reports unearned revenue for federal earmarks used to pay debt service obligations through 2015 and for revenue contributions the local governments have provided to pay down debt service on an asset the District currently reports on the financial statements. The balance of the unearned revenue relates debt service paid down on projects the District has reported as construction in progress. When the District dedicates the asset to another entity, the revenue will be recognized on the financial statements.

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses/Expenditures

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

Cash and Cash Equivalents

Cash received by the District is held for operating and construction purposes. Cash related to operating purposes is presented as “Cash and Cash Equivalents” on the statement of net position and governmental fund balance sheet by activity or fund. The District also maintains cash for construction purposes that was obtained through bond issuance or grants from Montgomery County. The cash related to those purposes is presented as “Restricted Cash and Cash Equivalents.” During fiscal year 2014, the District only had money market mutual fund investments.

Following Ohio statutes, the Board of Trustees has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amount to \$284, no amounts were assigned from other District funds as they receive interest from the restricted cash sources. The Austin Center Interchange fund also received interest in the restricted construction account of \$4,563. The Austin Center Interchange fund also reported interest revenue in relation to the local government’s pledged revenue payments from their capital appreciation bonds that are used to pay off the District’s outstanding debt. The amount reported for fiscal year 2014 was \$323,158 for the Austin Interchange special obligation bonds and Byers Road State Infrastructure Bank Loan.

Capital Assets

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

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

The District reports the assets as construction in progress until the project is completed and either deeded over to the respective local government or a dedication plat is filed. For fiscal year 2014, the District reports land improvements for leases on parking lots (straight line depreciation over twenty-seven years) and park land (straight line depreciation over thirty years).

*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants and contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. For the District, the majority of intergovernmental revenues are derived through reimbursement contracts with participating local governments for repayment of expense incurred related to engineering or construction related projects. The District also reports intergovernmental revenues from the current obligations due on the debt obligations the local governments have pledged their capital appreciation bonds against.

Fund Balance

The District reports the following categories:

- Restricted fund balances related to bond proceeds maintained in segregated accounts for construction and required to be held for payment of debt service obligations.
- Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

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

Net Position

Net position is the residual amount when comparing assets and deferred outflow of resources to liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

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

Estimates

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 2 – DEPOSIT AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. The District may invest in the following securities.

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio);
- 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, 2014

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.

A. Deposits

At fiscal year-end, the carrying value of the District's deposits was \$7,764,513 and the bank balance was \$7,490,449. \$250,000 of the District's deposits was insured by federal depository insurance. Based on criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2014, \$7,240,449 of the District's bank balance of \$7,445,281 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

B. Investments

As of December 31, 2014, the District had no investments.

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

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

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

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2014, was as follows:

| | Balance 12/31/13 | Increases | Decreases | Balance 12/31/14 |
|---------------------------------------|---------------------|---------------------|------------|---------------------|
| Governmental Activities | | | | |
| Capital Assets, not being depreciated | | | | |
| Construction in Progress | \$55,867,192 | \$7,514,315 | \$0 | \$63,381,507 |
| Capital Assets, being depreciated | | | | |
| Land Improvements | 0 | 4,991,225 | 0 | 4,991,225 |
| Accumulated Depreciation | | | | |
| Land Improvements | 0 | (183,522) | 0 | (183,522) |
| Total | <u>\$55,867,192</u> | <u>\$12,322,018</u> | <u>\$0</u> | <u>\$68,189,210</u> |

NOTE 4 – INTERGOVERNMENTAL REVENUES

The following entities, which are a part of the District, have contributed the following funds during 2014.

| Member Name | Contribution (Modified Accrual Basis) |
|--|--|
| Miami Township | \$1,901,992 |
| Dayton Montgomery Port Authority | 6,842,612 |
| City of Miamisburg | 299,948 |
| Ohio Department of Natural Resources | 173,726 |
| City of Springboro* | (36,797) |
| Austin Center JEDD | 23,415 |
| Total Intergovernmental Revenue | <u>\$9,204,896</u> |

*The City of Springboro reflects a negative as part of the intergovernmental revenue allocated for the Austin Interchange debt service payment is accreted interest. For fiscal year 2014, the City was not required to make a payment as the federal earmark balance is covering the debt service payment. There was accreted interest so the reclassification results in a negative intergovernmental revenue.

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014:

| Vendor | Outstanding Balance |
|--|---------------------|
| RB Jergens – Dogleg Construction | \$105,580 |
| RG Properties – Austin Phase 2/Park Improvements | 1,753,040 |

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 2014, the District contracted with the U.S Specialty Insurance agency for liability, property, and crime damage. Coverages provided by the company are as follows:

| | |
|---|---------------------|
| Professional Liability (\$10,000 deductible) | \$1,000,000 |
| Commercial General Liability | |
| Each Occurrence/Aggregate | 1,000,000/3,000,000 |
| Fire Damage | 100,000 |
| Medical Expenses | 10,000 |
| Automobile Liability | 1,000,000 |
| Umbrella Excess Liability (\$10,000 deductible) | 5,000,000 |
| Crime Insurance: | |
| Public Employee’s Bond (\$1,000 deductible) | 50,000 |

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

NOTE 7 – LONG TERM LIABILITIES

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

| | Obligation Outstanding 12/31/13 | Additions | Reductions | Obligation Outstanding 12/31/14 | Amounts Due in One Year |
|--------------------------------|---------------------------------------|---------------------|----------------------|---------------------------------------|-------------------------------|
| Governmental Activities | | | | | |
| 1 - Special Obligation Bonds | \$4,275,000 | \$0 | (\$200,000) | \$4,075,000 | \$220,000 |
| Bond Discount | (34,004) | 0 | 2,305 | (31,699) | 0 |
| 2 - Special Obligation Bonds | 18,710,000 | 0 | (610,000) | 18,100,000 | 645,000 |
| Bond Premium | 296,656 | 0 | (14,833) | 281,823 | 0 |
| 3 - Special Obligation Bonds | 8,450,000 | 0 | (360,000) | 8,090,000 | 370,000 |
| 4 - Special Obligation Bonds | 2,510,990 | 0 | (282,152) | 2,228,838 | 290,860 |
| 5 – Long Term Note Payable | 0 | 11,435,000 | 0 | 11,435,000 | 0 |
| Total | <u>\$34,208,642</u> | <u>\$11,435,000</u> | <u>(\$1,464,680)</u> | <u>\$44,178,962</u> | <u>\$1,525,860</u> |

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 7 – LONG TERM LIABILITIES (Continued)

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

The District had pledged all intergovernmental revenues from Miami Township’s tax increment financing revenues to repay the \$4.89 million special obligation bonds. The bonds are solely payable from revenues assigned from Miami Township to the District as part of the funding agreement between the two parties. Total principal and interest remaining on the bonds is \$5,687,248 through December 2028. \$398,300 was received from Miami Township through the agreement and \$200,000 was paid during the current year on the outstanding bonds.

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

| Fiscal Year Ending December 31, | 1 – Special Obligation Bonds | | |
|------------------------------------|------------------------------|-------------|-------------|
| | Principal | Interest | Total |
| 2015 | \$220,000 | \$190,300 | \$410,300 |
| 2016 | 225,000 | 181,500 | 406,500 |
| 2017 | 230,000 | 172,500 | 402,500 |
| 2018 | 240,000 | 161,574 | 401,574 |
| 2019 | 255,000 | 151,676 | 406,676 |
| 2020-2024 | 1,460,000 | 570,286 | 2,030,286 |
| 2025-2028 | 1,445,000 | 184,412 | 1,629,412 |
| Totals | \$4,075,000 | \$1,612,248 | \$5,687,248 |

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

The District had pledged all intergovernmental revenues from local government’s tax increment financing revenues to repay the \$20.34 million special obligation bonds. The bonds are solely payable from revenues assigned from local governments to the District as part of the funding agreement between the parties. Total principal and interest remaining on the bonds is \$26,881,265 through December 2033. The District received \$6.2 million in federal earmarks as part of the financing package on the project and those earmarks will be used to cover debt service over the first four years.

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 7 – LONG TERM LIABILITIES (Continued)

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

| Fiscal Year Ending December 31 | 2 – Special Obligation Bonds | | |
|-----------------------------------|------------------------------|-------------|--------------|
| | Principal | Interest | Total |
| 2015 | \$645,000 | \$770,860 | \$1,415,860 |
| 2016 | 675,000 | 738,610 | 1,413,610 |
| 2017 | 710,000 | 704,860 | 1,414,860 |
| 2018 | 730,000 | 683,560 | 1,413,560 |
| 2019 | 765,000 | 647,060 | 1,412,060 |
| 2020-2024 | 4,280,000 | 2,790,640 | 7,070,640 |
| 2025-2029 | 5,215,000 | 1,862,025 | 7,077,025 |
| 2030-2033 | 5,080,000 | 583,650 | 5,663,650 |
| Totals | \$18,100,000 | \$8,781,265 | \$26,881,265 |

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

The District had pledged all intergovernmental revenues from Township’s tax increment financing revenues to repay the \$9.2 million special obligation bonds. The bonds are solely payable from revenues assigned from Township to the District as part of the funding agreement between the parties. Total principal and interest remaining on the bonds is \$12,632,540 through December 2029. The District received \$731,804 in revenue during 2014 related to the payments.

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

| Fiscal Year Ending December 31 | 3 – Special Obligation Bonds | | |
|-----------------------------------|------------------------------|-------------|--------------|
| | Principal | Interest | Total |
| 2015 | \$370,000 | \$471,632 | \$841,632 |
| 2016 | 385,000 | 457,574 | 842,574 |
| 2017 | 400,000 | 441,018 | 841,018 |
| 2018 | 420,000 | 423,018 | 843,018 |
| 2019 | 440,000 | 403,068 | 843,068 |
| 2020-2024 | 2,585,000 | 1,626,672 | 4,211,672 |
| 2025-2029 | 3,490,000 | 719,558 | 4,209,558 |
| Totals | \$8,090,000 | \$4,542,540 | \$12,632,540 |

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 7 – LONG TERM LIABILITIES (Continued)

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

The District had pledged all intergovernmental revenues from City’s and Township’s tax increment financing revenues to repay the \$2.9 million state infrastructure loan. The loan is solely payable from revenues assigned from City and Township to the District as part of the funding agreement between the parties. Total principal and interest remaining on the loan is \$2,562,294 through January 2021. The District received \$366,042 revenue during 2014 related to the payments.

| Fiscal Year Ending December 31 | <u>4- Special Obligation Bonds</u> | | |
|-----------------------------------|------------------------------------|------------------|--------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2015 | \$290,680 | \$75,362 | \$366,042 |
| 2016 | 299,465 | 66,577 | 366,042 |
| 2017 | 308,517 | 57,525 | 366,042 |
| 2018 | 317,842 | 48,200 | 366,042 |
| 2019 | 327,448 | 38,594 | 366,042 |
| 2020-2021 | <u>684,886</u> | <u>47,198</u> | <u>732,084</u> |
| Totals | <u>\$2,228,838</u> | <u>\$333,456</u> | <u>\$2,562,294</u> |

5 – *Long Term Note Payable* - On February 12, 2014, the District issued \$11,435,000 in bond anticipation notes for Phase 2 of the Austin Landing project. The notes will be retired with the issuance of long-term bonds with a maturity of February 11, 2015 at a 1.25% interest rate. On February 13, 2014, the District retired the \$11,445,000 in bond anticipation notes.

NOTE 8 – SHORT TERM OBLIGATIONS

In December 2013, the District entered into a line of credit arrangement with JP Morgan Chase for cash flow purposes on the Project Walnut expenditures. The District drew the available balance of \$3,500,000 by December 31, 2013. The line carried a 3.25 interest rate paid monthly with the final payment being made by May 31, 2014.

In December 2014, the District entered into a line of credit arrangement with JP Morgan Chase for cash flow purposes on the final right of way payment related to the Austin Landing Phase 1 project. The District drew the available balance of \$1,650,000 by December 31, 2014. The line carried a 5.75 interest rate paid monthly with the final payment being made by May 31, 2015 which was extended until December 31, 2015.

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 9 - CONTINGENCIES

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

NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission

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

MVRPC contracts periodically for local funds and other support with the governing board of each of the governments who are members of MVRPC or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the MVRPC. This Board consists of one elected official of each City and municipal corporation, one individual selected by each City planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member City. This Board of Trustees then selects not more than ten residents of the MVRPC Region. The total membership of the Board of Trustees shall not exceed 100. Any member of MVRPC may withdraw its membership upon written notice to MVRPC be effective two years after receipt of the notice by MVRPC. The District paid \$1,000 to MVRPC during 2014.

To obtain financial information, write to Gary Bellotti, Controller. To obtain financials statements of the Miami Valley Regional Planning Commission, write to MVRPC at One Dayton Center, One South Main Street, Suite 260, Dayton, Ohio 45402.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Public Employees Retirement System

The District contributes to the Public Employees Retirement System of Ohio (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222- PERS (7377).

OPERS administers three separate pension plans as described below:

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. Contributions are authorized by State statute. The employer pension contribution rate for the District is 14% of covered payroll. The contribution rates are determined actuarially. The District's required contributions to OPERS for the years ended December 31, 2014, 2013, and 2012 were \$26,419, \$27,466, and \$22,558. 78 percent has been contributed for 2014 and 100% for 2013 and 2012 with the remainder being reported as a liability within the general fund.

NOTE 12 - POST EMPLOYMENT BENEFITS

Public Employees Retirement System (OPERS)

The Public Employees Retirement System of Ohio (OPERS) maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Tradition Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Tradition Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefits is available. The health care coverage provided by the retirement system meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides the statutory authority requiring public employees to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 12 - POST EMPLOYMENT BENEFITS (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post-Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2014, the employer contribution allocated to the members in the Traditional Plan and the Combined Plan was 2% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The District's actual contributions that were used to fund post employment benefits for 2014, 2013, and 2012 were \$4,064, \$1,071, and \$20,281 respectively. 78 percent has been contributed for 2014 and 100% for 2013 and 2012 with the remainder being reported as a liability within the general fund.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of employer contributions towards the health care fun after the end of the transition period.

NOTE 13 – RESTATEMENT OF NET POSITION

The District restated the beginning net position from \$22,786,347 to \$23,616,550 as the Miami Township intergovernmental receivable related to the Byers Road special obligation bond payable was not reported in the prior year financial statements.

NOTE 14 – SUBSEQUENT EVENTS

The District issued \$11,645,000 in Transportation Improvement Special Obligation Bonds that retired the 2014 notes. The bonds were issued on February 11, 2015 with a final maturity of December 1, 2034 at an average interest rate of 3.32%.



REQUIRED
SUPPLEMENTARY
INFORMATION

**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, 2014**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ 100,000 | \$ - | \$ - | \$ - |
| Investment Earnings | 1,000 | 300 | 284 | (16) |
| All Other | - | 3,700 | 6,231 | 2,531 |
| Total Revenues | <u>101,000</u> | <u>4,000</u> | <u>6,515</u> | <u>2,515</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | <u>571,965</u> | <u>650,220</u> | <u>534,715</u> | <u>115,505</u> |
| Total Expenditures | <u>571,965</u> | <u>650,220</u> | <u>534,715</u> | <u>115,505</u> |
| Net Change in Fund Balances | (470,965) | (646,220) | (528,200) | 118,020 |
| Fund Balance Beginning of Year | <u>641,491</u> | <u>641,491</u> | <u>641,491</u> | - |
| Fund Balance End of Year | <u>\$ 170,526</u> | <u>\$ (4,729)</u> | <u>\$ 113,291</u> | <u>\$ 118,020</u> |

Budget Basis \$ (528,200)
Expenditure Accruals 7,965
GAAP Basis \$ (520,235)

See accompanying notes to the required supplementary information

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Process

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

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

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

1. **Estimated Revenues**

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

The estimated revenues may be further amended during the year if the Board determines an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final budget resolution issued during 2014.

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Appropriations

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

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AUSTIN CENTER INTERCHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | Budgeted Amounts | | Actual | Variance with |
|--|---------------------|---------------------|---------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental Revenue | \$ 1,043,042 | \$ 1,043,042 | \$ 1,408,241 | \$ 365,199 |
| Investment Earnings | 2,500 | 2,500 | 4,563 | 2,063 |
| All Other | 200,000 | 200,000 | 289,148 | 89,148 |
| Total Revenues | <u>1,245,542</u> | <u>1,245,542</u> | <u>1,701,952</u> | <u>456,410</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 35,000 | 103,600 | 84,494 | 19,106 |
| Capital Outlay | 10,899,552 | 9,814,402 | 7,526,787 | 2,287,615 |
| Intergovernmental | 400,000 | 3,125,000 | 2,940,000 | 185,000 |
| Debt Service: | | | | |
| Principal Retirement | 12,697,152 | 12,697,152 | 12,697,152 | - |
| Interest and Fiscal Charges | 1,530,076 | 1,530,076 | 1,520,176 | 9,900 |
| Issuance Costs | - | 235,107 | 235,106 | 1 |
| Total Expenditures | <u>25,561,780</u> | <u>27,505,337</u> | <u>25,003,715</u> | <u>2,501,622</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(24,316,238)</u> | <u>(26,259,795)</u> | <u>(23,301,763)</u> | <u>2,958,032</u> |
| Other Financing Sources: | | | | |
| Face Value from Sale of Notes | 12,735,000 | 12,735,000 | 11,435,000 | (1,300,000) |
| Premium from Sale of Notes | 96,511 | 96,511 | 96,511 | - |
| Proceeds from Line of Credit | - | - | 1,650,000 | 1,650,000 |
| Total Other Financing Sources | <u>12,831,511</u> | <u>12,831,511</u> | <u>13,181,511</u> | <u>1,650,000</u> |
| Net Change in Fund Balances | (11,484,727) | (13,428,284) | (10,120,252) | 4,608,032 |
| Fund Balance - Beginning of Year | 15,459,167 | 15,459,167 | 15,459,167 | - |
| Fund Balance - End of Year | <u>\$ 3,974,440</u> | <u>\$ 2,030,883</u> | <u>\$ 5,338,915</u> | <u>\$ 3,308,032</u> |

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
KINGSRIDGE PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Intergovernmental Revenue | \$ 398,300 | \$ 398,300 | \$ 398,300 | \$ - |
| Total Revenues | <u>398,300</u> | <u>398,300</u> | <u>398,300</u> | <u>-</u> |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal Retirement | 200,000 | 200,000 | 200,000 | - |
| Interest and Fiscal Charges | 198,300 | 198,300 | 198,300 | - |
| Total Expenditures | <u>398,300</u> | <u>398,300</u> | <u>398,300</u> | <u>-</u> |
| Net Change in Fund Balances | - | - | - | - |
| Fund Balance - Beginning of Year | 473,624 | 473,624 | 473,624 | - |
| Fund Balance - End of Year | <u>\$ 473,624</u> | <u>\$ 473,624</u> | <u>\$ 473,624</u> | <u>\$ -</u> |

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

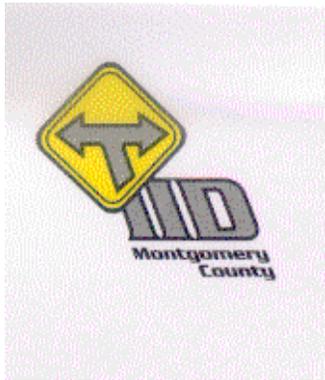
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DAYTON AIRPORT FREIGHT RAIL PROJECT
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------|------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental Revenue | \$ 7,312,000 | \$ 8,940,000 | \$ 6,731,609 | \$ (2,208,391) |
| All Other | 23,000 | - | - | - |
| Total Revenues | <u>7,335,000</u> | <u>8,940,000</u> | <u>6,731,609</u> | <u>(2,208,391)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 168,000 | 168,000 | 169,774 | (1,774) |
| Capital Outlay | 6,100,000 | 6,100,000 | 3,978,152 | 2,121,848 |
| Debt Service: | | | | |
| Principal Retirement | 3,500,000 | 3,500,000 | 3,500,000 | - |
| Total Expenditures | <u>9,768,000</u> | <u>9,768,000</u> | <u>7,647,926</u> | <u>2,120,074</u> |
| Net Change in Fund Balances | (2,433,000) | (828,000) | (916,317) | (88,317) |
| Fund Balance Beginning of Year | 2,433,267 | 2,433,267 | 2,433,267 | - |
| Fund Balance End of Year | <u>\$ 267</u> | <u>\$ 1,605,267</u> | <u>\$ 1,516,950</u> | <u>\$ (88,317)</u> |

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

| | Balance <u>December 31, 2013</u> | Additions | Deletions | Balance <u>December 31, 2014</u> |
|---------------------------|-------------------------------------|-------------------|-----------------------|-------------------------------------|
| <u>Assets:</u> | | | | |
| Cash and Cash Equivalents | <u>\$3,702</u> | <u>\$0</u> | <u>\$3,702</u> | <u>\$0</u> |
| Total Assets | <u><u>\$3,702</u></u> | <u><u>\$0</u></u> | <u><u>\$3,702</u></u> | <u><u>\$0</u></u> |
| <u>Liabilities:</u> | | | | |
| Due to Other Governments | <u>3,702</u> | <u>0</u> | <u>3,702</u> | <u>0</u> |
| Total Liabilities | <u><u>\$3,702</u></u> | <u><u>\$0</u></u> | <u><u>\$3,702</u></u> | <u><u>\$0</u></u> |



STATISTICAL



SECTION

This page intentionally left blank.

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT
STATISTICAL SECTION DESCRIPTIONS
DECEMBER 31, 2014**

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

| <u>Contents</u> | <u>Pages</u> |
|---|---------------------|
| Financial Trends | |
| These schedules contain trend information to help the reader understand how the District's financial performance and situation have changed over time. | 40-43 |
| Revenue Capacity (The District has no specific revenue source to present) | |
| Debt Capacity | |
| This schedule presents information to help the reader assess the affordability of the District's current levels of outstanding debt. | 44-47 |
| Demographic and Economic Information | |
| This schedule offers demographic and economic indicators to help the reader understand the environment within in which the District's financial activities takes place. | 48-49 |
| Operating Information | |
| These schedules contain operational data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | 50-51 |

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

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

| | 2014 | Restated 2013 | 2012 | Restated 2011 | 2010 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | | |
| Net Investment in Capital Assets | \$ 29,627,520 | \$ 14,441,402 | \$ 7,588,734 | \$ 22,710,058 | \$ 18,016,902 |
| Restricted | 7,631,387 | 0 | 2,722,366 | 6,274,970 | 3,663,800 |
| Unrestricted | (9,758,392) | 9,175,148 | 4,873,477 | 1,405,203 | 3,017,539 |
| <i>Total Governmental Activities Net Position</i> | <u>\$ 27,500,515</u> | <u>\$ 23,616,550</u> | <u>\$ 15,184,577</u> | <u>\$ 30,390,231</u> | <u>\$ 24,698,241</u> |
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Governmental Activities | | | | | |
| Net Investment in Capital Assets | \$ 14,015,176 | \$ 11,358,499 | \$ 4,609,921 | \$ 3,571,394 | \$ 3,489,791 |
| Restricted | 4,045,907 | 4,422,178 | 3,397,812 | 3,397,812 | 0 |
| Unrestricted | 1,632,684 | 749,911 | 694,291 | 876,348 | 1,088,117 |
| <i>Total Governmental Activities Net Position</i> | <u>\$ 19,693,767</u> | <u>\$ 16,530,588</u> | <u>\$ 8,702,024</u> | <u>\$ 7,845,554</u> | <u>\$ 4,577,908</u> |

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

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

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------------|---------------------|------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | \$ 6,840,733 | \$ 10,602,187 | \$ 514,000 | \$ 50,000 | \$ 536,542 | \$ - | \$ 160,625 | \$ 13,625 | \$ - | \$ 95,000 |
| Capital Grants and Contributions | 6,840,733 | 10,602,187 | 5,838,388 | 6,232,446 | 5,755,285 | 5,204,416 | 11,602,053 | 1,488,210 | 449,750 | 79,854 |
| Total Governmental Activities Program Revenues | 6,840,733 | 10,602,187 | 6,352,388 | 6,282,446 | 6,291,827 | 5,204,416 | 11,762,678 | 1,501,835 | 449,750 | 174,854 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | 1,350,214 | 851,730 | 547,657 | 1,157,449 | 830,600 | 1,716,604 | 869,574 | 569,382 | 565,258 | 510,824 |
| Transportation | 183,522 | 600,000 | 19,286,659 | 2,542,277 | - | - | 3,164,998 | - | - | - |
| Intergovernmental | - | - | - | 1,653,183 | 1,154,737 | 1,134,615 | 55,924 | 367,872 | 367,872 | - |
| Interest and Fiscal Charges | 1,831,432 | 1,801,309 | 1,926,686 | 1,653,183 | 1,154,737 | 1,134,615 | 55,924 | 367,872 | 367,872 | - |
| Total Governmental Activities Expenses | 3,365,168 | 3,253,039 | 21,761,002 | 5,352,909 | 1,985,337 | 2,851,219 | 4,090,496 | 937,254 | 933,130 | 510,824 |
| Net (Expense)/Revenue | 3,475,565 | 7,349,148 | (15,408,614) | 929,537 | 4,306,490 | 2,353,197 | 7,672,182 | 564,581 | (483,380) | (335,970) |
| Governmental Activities | | | | | | | | | | |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Grants and Entitlements not Restricted to Specific Programs | 0 | 0 | 0 | 6,289,354 | 500,000 | 608,272 | 141,728 | 250,000 | 312,500 | - |
| Investment Earnings | 4,847 | 13,385 | 14,346 | 10,979 | 13,384 | 50,944 | 12,154 | 31,805 | 40,704 | 32,947 |
| Other | 403,553 | 239,237 | 188,614 | 298,960 | 184,600 | 150,766 | 2,500 | 10,084 | 10 | - |
| Total Governmental Activities | 408,400 | 252,622 | 202,960 | 6,599,293 | 697,984 | 809,982 | 156,382 | 291,889 | 353,214 | 32,947 |
| Change in Net Position | \$ 3,883,965 | \$ 7,601,770 | \$ (15,205,654) | \$ 7,528,830 | \$ 5,004,474 | \$ 3,163,179 | \$ 7,828,564 | \$ 856,470 | \$ (130,166) | \$ (303,023) |
| Governmental Activities | | | | | | | | | | |

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

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

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------------|-----------------------|---------------------|---------------------|----------------------|-----------------------|---------------------|---------------------|---------------------|-------------------|
| General Fund | | | | | | | | | | |
| Unassigned* | \$ 97,087 | \$ 617,322 | \$ 1,050,843 | \$ 1,064,264 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - | 1,498,964 | 1,137,496 | 1,015,355 | 1,163,277 | 1,345,279 | 1,341,044 |
| Total General Fund | 97,087 | 617,322 | 1,050,843 | 1,064,264 | 1,498,964 | 1,137,496 | 1,015,355 | 1,163,277 | 1,345,279 | 1,341,044 |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted for Capital Purposes | 7,210,785 | 473,624 | 1,698,425 | 6,839,443 | - | - | 3,397,812 | 3,397,812 | 3,397,812 | 25,318 |
| Reserved | - | - | - | - | 3,121,323 | 3,397,812 | 3,397,812 | 3,397,812 | 3,397,812 | 25,318 |
| Unassigned, Reported in: | | | | | | | | | | |
| Capital Projects Funds (Deficit) | (5,788,495) | (3,786,755) | (72,627) | - | 5,498,405 | (15,657,249) | 1,827,801 | (527,976) | (534,720) | (483,275) |
| Total All Other Governmental Funds | 1,422,290 | (3,313,131) | 1,625,798 | 6,839,443 | 8,619,728 | (12,259,437) | 5,225,613 | 2,869,836 | 2,863,092 | (457,957) |
| Total Governmental Funds | \$ 1,519,377 | \$ (2,695,809) | \$ 2,676,641 | \$ 7,903,707 | \$ 10,118,692 | \$(11,121,941) | \$ 6,240,968 | \$ 4,033,113 | \$ 4,208,371 | \$ 883,087 |

* The District reported governmental fund balances starting in 2011 under GASB 54.

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

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

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------------|-----------------------|-----------------------|--------------------|----------------------|------------------------|---------------------|---------------------|--------------------|---------------------|
| Revenues | | | | | | | | | | |
| Intergovernmental | \$ 9,204,896 | \$ 10,706,079 | \$ 1,924,662 | \$ 11,857,861 | \$ 5,842,356 | \$ 5,832,602 | \$ 11,641,900 | \$ 1,377,137 | \$ 901,491 | \$ 20,866 |
| Charges for Services | - | - | 514,000 | 50,000 | 536,542 | - | 160,625 | 13,625 | - | 95,000 |
| Investment Earnings | 328,005 | 185,290 | 140,607 | 10,979 | 13,384 | 50,944 | 28,559 | 31,805 | 40,704 | 32,947 |
| Other | 391,550 | 447,034 | 616,930 | 284,127 | 184,600 | 150,766 | 2,500 | 377,956 | 10 | 26,786 |
| Total Revenues | 9,924,451 | 11,338,403 | 3,196,199 | 12,202,967 | 6,576,882 | 6,034,312 | 11,833,584 | 1,800,523 | 942,205 | 175,599 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General Government | 816,423 | 724,401 | 544,687 | 780,968 | 823,214 | 490,227 | 462,429 | 425,938 | 348,979 | 276,010 |
| Capital Outlay | 13,039,331 | 13,069,936 | 5,033,046 | 11,230,728 | 12,216,465 | 21,790,747 | 10,390,150 | 1,181,971 | 297,882 | 312,321 |
| Intergovernmental | - | - | - | 2,542,277 | - | - | 3,164,998 | - | - | - |
| Debt Service: | | | | | | | | | | |
| Principal | 6,082,152 | 1,145,000 | 1,025,000 | 805,000 | 5,000 | 5,000 | - | - | - | - |
| Issuance Costs | - | - | - | - | 1,016,073 | 214,035 | 421,266 | - | - | - |
| Interest | 1,836,359 | 1,801,835 | 1,926,455 | 1,559,969 | 1,560,787 | 897,212 | 25,781 | 367,872 | 367,872 | - |
| Total Expenditures | 21,774,265 | 16,741,172 | 8,529,188 | 16,918,942 | 15,621,539 | 23,397,221 | 14,464,624 | 1,975,781 | 1,014,733 | 588,331 |
| Excess of Revenues Over (Under) Expenditures | (11,849,814) | (5,402,769) | (5,332,989) | (4,715,975) | (9,044,657) | (17,362,909) | (2,631,040) | (175,258) | (72,528) | (412,732) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Sale of Assets | - | 30,319 | 95,923 | - | 409,135 | - | - | - | - | - |
| Face Value from Sale of Bonds | - | - | 10,000 | 2,500,990 | 29,535,000 | - | 4,885,000 | - | - | - |
| Face Value from Sale of Long Term Notes | 11,435,000 | - | 10,000 | 2,500,990 | 29,535,000 | - | 4,885,000 | - | - | - |
| Premium/(Discount) on Sale of Bonds | - | - | - | - | 341,155 | - | (46,105) | - | - | - |
| Inception of Capital Leases | 4,630,000 | - | - | - | - | - | - | - | - | - |
| Transfers In | - | 50,000 | - | - | - | 30,401 | - | 51,578 | - | - |
| Transfers Out | - | (50,000) | - | - | - | (30,401) | - | (51,578) | - | - |
| Total Other Financing Sources (Uses) | 16,065,000 | 30,319 | 115,923 | 5,001,980 | 59,820,290 | - | 9,723,895 | - | - | - |
| Net Change in Fund Balances | \$ 4,215,186 | \$ (5,372,450) | \$ (5,217,066) | \$ 286,005 | \$ 50,775,633 | \$ (17,362,909) | \$ 7,092,855 | \$ (175,258) | \$ (72,528) | \$ (412,732) |
| Debt Service as a Percentage of Noncapital Expenditures | 83.8% | 77.0% | 84.3% | 39.0% | 45.9% | 31.8% | 0.6% | 39.2% | 39.4% | N/A |

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

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

| <u>Year</u> | <u>Gross Revenue (1)</u> | <u>Debt Service Requirement (2)</u> | <u>Coverage</u> |
|-------------|--------------------------|-------------------------------------|-----------------|
| 2008 | - | - | NA |
| 2009 | - | \$ 278,229 | NA |
| 2010 | \$ 114,969 | 224,937 | 51.11% |
| 2011 | 419,800 | 419,800 | 100.00% |
| 2012 | 412,800 | 412,800 | 100.00% |
| 2013 | 405,800 | 405,800 | 100.00% |
| 2014 | 398,300 | 398,300 | 100.00% |

Source: District's records

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

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

SOURCE: District's financial records

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Revenue Bond Coverage - Austin Center Interchange Project
Special Obligation Bonds
Last Five Years

| <u>Year</u> | <u>Gross Revenue (1)</u> | <u>Debt Service Requirement</u> | <u>Coverage</u> |
|-------------|--------------------------|---------------------------------|-----------------|
| 2010 | 281,270 | 281,270 | 100.00% |
| 2011 | - | 1,281,835 | 0.00% |
| 2012 | - | 1,412,935 | 0.00% |
| 2013 | - | 1,411,235 | 0.00% |
| 2014 | - | 1,411,360 | 0.00% |

Source: District's records

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

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

SOURCE: District's financial records

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Revenue Bond Coverage - Austin Landing Project
Special Obligation Bonds
Last Five Years

| <u>Year</u> | <u>Gross Revenue (1)</u> | <u>Federal Interest Subsidy (2)</u> | <u>Debt Service Requirement (3)</u> | <u>Coverage</u> |
|-------------|--------------------------|-------------------------------------|-------------------------------------|-----------------|
| 2010 | - | - | 356,528 | NA |
| 2011 | 287,532 | 222,635 | 663,334 | 76.91% |
| 2012 | 517,504 | 222,630 | 740,134 | 100.00% |
| 2013 | 639,802 | 204,931 | 844,734 | 100.00% |
| 2014 | 642,124 | 202,107 | 844,234 | 100.00% |

Source: District's records

- (1) The District receives intergovernmental revenue from Miami Township, Montgomery County.
- (2) The District issued these bonds under the American Recovery Zone Act and receives a portion of the interest payments back as a credit from the IRS.
- (3) The 2010-2011 debt service payments were funded through capitalized interest issued in the bond amount.

SOURCE: District's financial records

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

**Ratio of Special Obligation Bonds per Capita
Last Seven Fiscal Years**

| Fiscal Year | Austin Interchange | | Austin Landing | | Special Obligation Bonds (1) | | Long Term Notes | Total | State Infrastructure Loan Payable (2) | All Outstanding Debt of District | Montgomery County Per Capita (3) | Net Debt Per Capita | Net Debt as a Percentage of Personal Income |
|-------------|--------------------|--|----------------|--|------------------------------|--|-----------------|--------------|---------------------------------------|----------------------------------|----------------------------------|---------------------|---|
| | \$ | | \$ | | \$ | | | | | | | | |
| 2008 | \$ - | | \$ - | | \$ 4,839,471 | | - | \$ 4,839,471 | \$ - | \$ 4,839,471 | \$ 534,626 | \$ - | 0.03% |
| 2009 | - | | - | | 4,836,776 | | - | 4,836,776 | - | 4,836,776 | 532,562 | - | 0.03% |
| 2010 | 20,676,155 | | 9,200,000 | | 4,834,081 | | - | 34,710,236 | - | 34,710,236 | 535,153 | - | 0.18% |
| 2011 | 20,216,322 | | 9,040,000 | | 4,636,386 | | - | 33,892,708 | 2,500,990 | 36,393,698 | 535,153 | 0.07 | 0.17% |
| 2012 | 19,616,489 | | 8,800,000 | | 4,438,691 | | - | 32,855,180 | 2,530,219 | 35,385,399 | 535,153 | 0.07 | 0.17% |
| 2013 | 19,006,656 | | 8,450,000 | | 4,240,996 | | - | 31,697,652 | 2,657,996 | 34,255,648 | 535,153 | 0.07 | NA |
| 2014 | 18,381,823 | | 8,090,000 | | 4,053,301 | | 11,435,000 | 41,960,124 | 2,228,838 | 44,188,962 | 535,153 | 0.05 | NA |

Source: District records

(1) Includes premiums and discounts with the par value of the bond issue outstanding.

(2) Includes accreted interest receivable with the par value of the loan outstanding.

(3) Information U.S Census Bureau 2010 numbers are used.

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Top Ten Principal Employers
 Last year and Eight Years ago

2014

| Employer | Employees | Percentage of Total Employment |
|---------------------------------|-----------|--------------------------------------|
| Wright-Patterson Air Force Base | 29,000 | 12.72% |
| Premier Health Partners Inc. | 14,675 | 6.44% |
| Kettering Health Network | 5,424 | 2.38% |
| Kroger Co | 4,950 | 2.17% |
| Montgomery County | 3,884 | 1.70% |
| LexisNexis | 3,600 | 1.58% |
| Sinclair Community College | 2,613 | 1.15% |
| Wright State University | 2,403 | 1.05% |
| University of Dayton | 2,297 | 1.01% |
| Dayton Public Schools | 2,085 | 0.91% |

2006

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

Source: Montgomery County Annual Financial Report 2006

2013 information taken from Dayton Business Journal article 7/16/13

Note: This information was most recently available information and nothing beyond 2006 could be gathered for the time the District has been in operation. Percentages were not available for 2006 figures.

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

Demographic Statistics
Last Ten Years

| YEAR | POPULATION (1) | UNEMPLOYMENT RATE | | PERSONAL INCOME (3) | PER CAPITA PERSONAL INCOME |
|------|----------------|-----------------------|-----------------------|---------------------|----------------------------|
| | | MONTGOMERY COUNTY (2) | MONTGOMERY COUNTY (2) | | |
| 2005 | 547,435 | 6.1% | \$ | 17,511,898,000 | \$ 31,989 |
| 2006 | 542,237 | 5.7% | | 18,219,910,000 | 33,601 |
| 2007 | 538,104 | 6.2% | | 19,006,005,000 | 35,320 |
| 2008 | 534,626 | 6.6% | | 19,266,895,000 | 34,732 |
| 2009 | 532,562 | 12.0% | | 18,995,875,000 | 35,669 |
| 2010 | 535,153 | 10.0% | | 19,451,335,000 | 36,347 |
| 2011 | 535,153 | 8.3% | | 20,258,807,000 | 37,856 |
| 2012 | 535,153 | 7.0% | | 21,263,616,000 | 39,734 |
| 2013 | 535,153 | 7.1% | | Not Available | Not Available |
| 2014 | 535,153 | 4.8% | | Not Available | Not Available |

(1) SOURCE: Montgomery County Annual Financial Report and 2010 Census information

(2) SOURCE: Ohio Labor Market Information, Ohio Department of Job and Family Services

(3) SOURCE: Montgomery County Annual Financial Report

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

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

| <u>Function/program</u> | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|
| General Government: | 3 | 2.5 | 3.5 | 3 | 3.5 | 2 | 2.5 | 2.5 | 2.5 | 1 |

Source: Finance Department

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

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

Miscellaneous Statistics
December 31, 2014

| | |
|---|--|
| 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

This page intentionally left blank.



Dave Yost • Auditor of State

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 25, 2015**