

**Montgomery County, Ohio
Transportation Improvement District**



**Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2006**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Montgomery County Transportation Improvement District
1 Chamber Plaza
Dayton, Ohio 45402-2400

We have reviewed the *Independent Accountants' Report* of the Montgomery County Transportation Improvement District, prepared by BKD, LLP, for the audit period January 1, 2006 through December 31, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 17, 2007

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MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

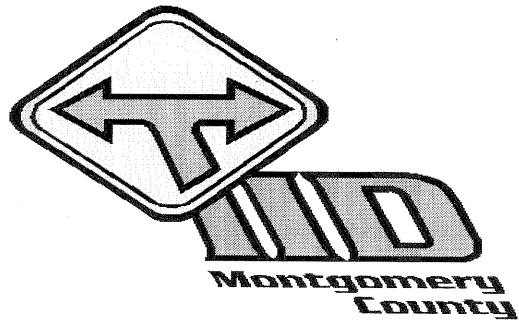
PREPARED BY
SEAN FRAUNFELTER, CPA
FINANCE DIRECTOR

**MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2006**

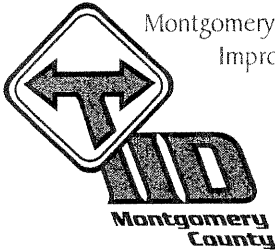
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INTRODUCTORY



SECTION



Montgomery County Transportation
Improvement District

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

June 28, 2007

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, 2006. The CAFR is presented in three sections:

1. The Introductory section includes the table of contents, this transmittal letter, a list of principal officials, the District's organizational chart, and the 2005 GFOA Certificate of Achievement for Excellence in Financial Reporting.
2. The Financial section includes the management's discussion and analysis, basic financial statements and the individual fund schedules, as well as the report of independent accountants on the financial statements.
3. The Statistical section includes a number of tables depicting the financial history of the District for the past four years, as well as information on subjects such as Montgomery County demographics.

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

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

The mission of the Montgomery County Transportation Improvement District is to expedite projects that will improve transportation and support economic development in Montgomery County. The District was created in 2001 when the Montgomery County Commission saw the need to expedite transportation related construction projects throughout the county. The District started off with great expectations but no set project to lead its way. The District became involved with the City of Huber Heights and their interchange projects on Interstate 70. From working on that from late 2001 through 2006, the District has seen other opportunities start to present themselves with the District becoming heavily involved in the Austin Center Interchange Project, which is discussed further below.

DISTRICT ORGANIZATION AND REPORTING ENTITY

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

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

The District is associated with the following jointly governed organization: Miami Valley Regional Planning Commission, which is presented in Note 11 to the basic financial statements.

ECONOMIC CONDITION AND MAJOR INITIATIVES

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

Road Improvements

Austin Center Interchange

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

The local governments approved the finance plan that we have been working on since 2004 relating to the Austin Center Interchange. The governments addressed three phases of the plan. First the interchange proper, which is the overpass and approximately one thousand feet east and west of the overpass. The second phase is the relocation of Byers Road and completion of the widening to State Route 725. The third phase is the relocation of Austin Road to the north and widening to State Route 741. The financing plan along with Miamisburg school district approval was approved in late 2005.

The District started preliminary right-of-way of discussions with surrounding land owners to expedite the process once final approval has been received from the Federal Highway Administration and Ohio Department of Transportation. Although due to certain regulations final negotiations to purchase a property can not occur before the final approval is received.

Engineering and environmental work has continued on the relocation of Byers Road to road intersect with Wood Road on the south. Austin Center Interchange will open up over 1,000 acres of developable land by 2009 in the southern portion of Montgomery County.

During 2006, the District continued engineering efforts on Byers Road and working with the local governments to bring the various aspects of financial support into the project. The District has been working to issue debt related to the interchange in 2008 in order to purchase significant right-of-way, start construction on the infrastructure and push the relocation of Byers Road ahead. All the local governments involved have been very supportive through time and financial commitments, understanding this project is significant for their success, as well as Montgomery County's future tax base.

State Route 202 and 201 Interchanges at Interstate 70

The District has worked with the City of Huber Heights and the Ohio Department of Transportation (ODOT) on the City's portion of the interchange projects. ODOT has a lane addition project on Interstate 70 that was under construction during 2005 in the City limits and completed during 2006. The City was required to modify their two interchanges on Interstate 70 as part of that project. The City requested the District to help aid them in expediting the process. The District was involved in right of way acquisition, design plan review and negotiation, and financing the local share of the reconstruction of both interchanges. With the help of the District, the City was able to meet the requirements from ODOT to move along the Interstate 70 project. The District has completed their obligation to the project with the exception of a final right-of-way settlement.

Kingsridge Drive Project

The District was requested by Miami Township to help improve the infrastructure surrounding the Dayton Mall area. There is significant developable land on the south side of the mall area that will bring in additional commercial development. The Township sees the need for improved road access to generate these businesses. The District and Township are working together on engineering the project including the financing aspect. The construction would start in early 2008 on the proposed improvements.

CAPITAL ASSETS

The District continued work on the Austin Center Interchange project and ended the fiscal year with \$3,571,394 of capital assets. For more information on the District's capital assets see Note 3 to the financial statements.

DEBT ADMINISTRATION

The District had no debt obligations at December 31, 2006.

CASH MANAGEMENT

The District Finance Director is in charge of the District's cash management program. All District cash is pooled for investment purposes. Longer term investments consist of Certificates of Deposit insured by the Federal Deposit Insurance Corporation or protected by either pledged collateral held in trust by the Federal Reserve Bank or pooled collateral, United States Agency Obligations and commercial paper. During 2006, the District earned \$40,704 in interest. A majority of the District's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of the public funds on deposit. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions hold the collateral. The District regularly reviews the market value of the pool to insure that adequate collateral is being provided.

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

RISK MANAGEMENT

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

OTHER INFORMATION

Independent Audit

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

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial reporting (CAFR) for the fiscal year ended December 31, 2005. This was the third 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 2006 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 for their dedication and drive to see projects such as Austin Center Interchange become a reality.

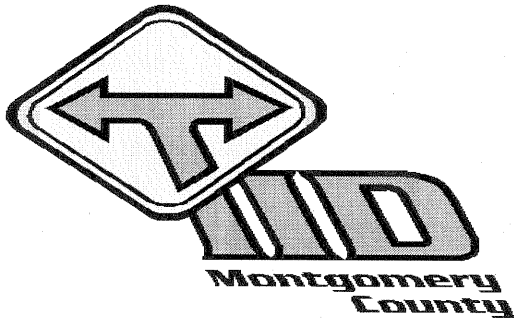
Respectfully submitted,



Executive Director



Secretary/Treasurer



MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT 2006 BOARD MEMBERS

Voting:

Jonathan Hollingsworth, Chairperson

Don Porter, Vice-Chairperson

Eric Cluxton, Treasurer

Clark Beck

Ron Budzik

Jonathan Hollingsworth
& Associates

Retired Architect

Wells Fargo Insurance Services

Wright State

Dayton Business Committee

Non Voting:

Jeff Jacobson

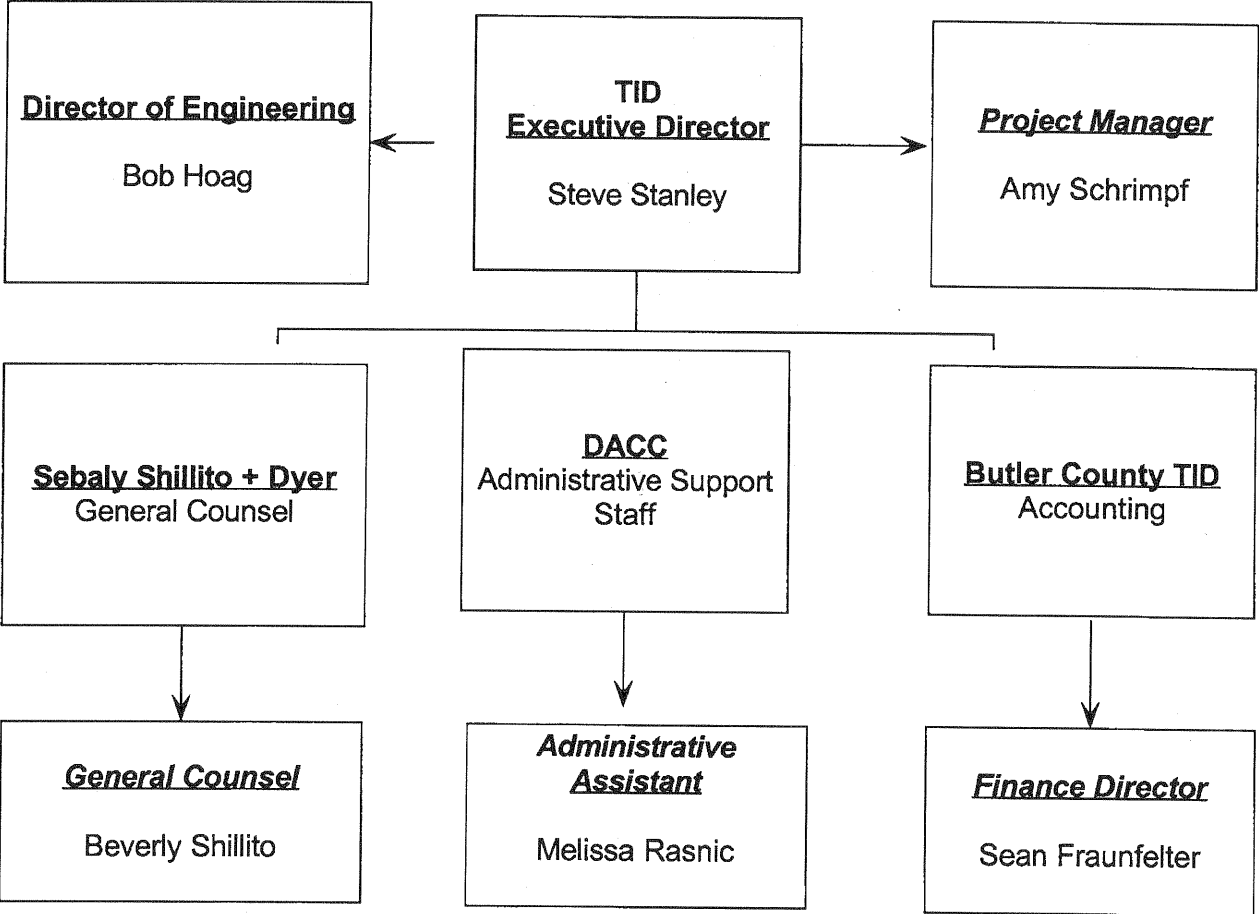
Arlene Selzer

Ohio Senate

State Representative

**Montgomery County
Transportation Improvement District**

Board of Trustees
5 Voting appointed by County Commissioners
2 Non-Voting appointed by General Assembly



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Montgomery County
Transportation Improvement
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

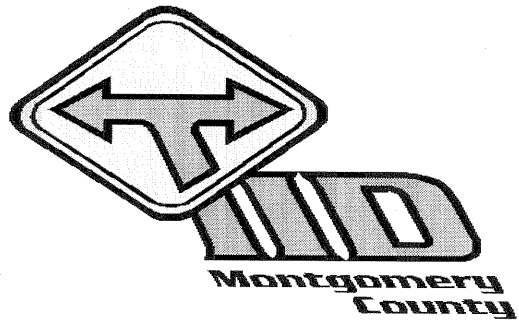
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

FINANCIAL



SECTION



Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Transportation Improvement District of Montgomery County, Ohio (the "District") as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Transportation Improvement District of Montgomery County, Ohio as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2007 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKD, LLP

June 28, 2007

MONTGOMERY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2006

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, 2006. Please review it in conjunction with the basic financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The District had \$4.45 million in net assets at December 31, 2006, a decrease of \$0.13 million over fiscal year 2005.
- The District had \$0.93 million in program expenses that were offset by \$0.45 million of program revenues. The general revenues and beginning balance was more than enough to cover the variance.
- Governmental fund revenues were \$0.94 million for 2006 with 62% of those revenues related to reimbursements for project costs of the District.
- The General fund had a slight net asset increase during 2006 while the other major funds combined to create a negative change in net assets overall for the District of \$0.08 million for all governmental funds.

USING THIS ANNUAL REPORT

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

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins here. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse as a result of the year's activities?" Although net assets decreased by \$0.13 million, the answer is still yes. The question we hope to answer is, "Where is the District going and will it be able to get there?"

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

Major Funds – General State Route 201/202 Project Austin Center Interchange Kingsridge Road

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 11 and provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State law. However, the Board establishes other funds to help control and manage money for a particular purpose (ex. various capital project funds). The District only has governmental funds.

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

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 15-27 of this report.

THE DISTRICT AS A WHOLE

As stated previously, the Statement of Net Assets looks at the District as a whole. The following table provides a summary of the District's net assets for 2006 compared to 2005.

	Net Assets		
	2005	2006	Change
Current Assets	\$4,202,000	\$4,309,891	\$107,891
Capital Assets	3,489,791	3,571,394	81,603
Total Assets	7,691,791	7,881,285	252,959
Current Liabilities	(3,113,883)	(3,433,543)	319,660
Net Assets:			
Invested in Capital Assets	3,489,791	3,571,394	81,603
Unrestricted	1,088,117	876,348	(211,769)
Total Net Assets	\$4,577,908	\$4,447,742	(\$130,166)

The District saw a 2.84 percent decrease in net assets from 2005 to 2006 as the District focused efforts on moving the Austin Center Interchange project and all the bi-products of that project forward. The District's only involvement in the State Route 202 and 201 project continued for one right of way parcel was appropriated and pending settlement. The District started working on the Kingsridge Road Project around the Dayton Mall area.

The following tables look at the change in the District's revenues and expenses from 2005 to 2006.

	Statement of Activities		
	2005	2006	Change
Program Revenues:			
Charges for Services	\$95,000	\$0	(\$95,000)
Capital Grants	79,854	449,750	369,896
General Revenues:			
Operating Grants	0	312,500	312,500
Interest	32,947	40,704	7,757
Other	0	10	10
Total Revenue	207,801	802,964	595,163
Program Expenses			
General Government	510,824	565,258	54,434
Interest and Fiscal Charges	0	367,872	367,872
Total Expenses	510,824	933,130	422,306
Change in Net Assets	(303,023)	(130,166)	172,857
Beginning Net Assets	4,880,931	4,577,908	(303,023)
Ending Net Assets	\$4,577,908	\$4,447,742	(\$130,166)

The large change in revenues from 2005 to 2006 can be explained by the District working on reimbursement agreements with the local governments involved in the Austin Center Interchange projects. The District is working on engineering of the local roadway and financing agreements. The District received right of way reimbursements for the State Route 202 and 201 project. Also for fiscal year 2006, the District was successful in receiving the Ohio Department of Development 629 Grant monies for operating purposes.

The District's program expenses went up as a result of the initial payment on the Long Farm Port Authority bonds. The District is not obligated for the bonds but made the decision to make the debt service payment during 2006 as the property was not sold to a developer.

THE DISTRICT'S FUNDS

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

General	\$1,345,279
State Route 201/202 Project	(66,045)
Austin Center Interchange	(466,667)
Kingsridge Road Project	(2,008)

The general fund balance is used to fund the other projects until certain financing obligations are received. The State Route 201/202 project was in a deficit based on the intergovernmental receivable outstanding at the end of the year for District expenditures that will be reimbursed when the City of Huber Heights its final obligation with the State Infrastructure Bank loan for the State Route 202 project and the final right of way parcel is settled. The Austin Center Interchange project saw a net asset decrease by \$0.24 million as the District expended additional monies in some of the additional projects that need to be reimbursed by the participating governments and making the initial debt service payment on the Port Authority bonds.

The District expended \$1.01 million in governmental funds during the year with 66% of that being spent on the District's infrastructure projects.

Original and Final Budgets – General Fund

The original budget was prepared in July 2005 when the District was still not certain on how it would finance certain projects and with little known about revenues that would be received. The budget actually increased as the certain project fees were expected by the end of year (**Charges for Services increased \$130,000**). The District believed some other revenue would come in from the sale of the land owned in partnership with the Port Authority (**All Other revenue increased \$62,500**).

The District increased final budget expenditures by 23% as the District added staff to aid in project management as the Austin Center Interchange project required more intensive management. The District did not account for additional staffing with the original budget.

Final versus Actual Budget – General Fund

The District's final revenue was lower than the final budget although the District received more than the anticipated quarterly reimbursement from the ODOD grant during 2006 for operating purposes with the final reimbursement from the Count grant was received in 2006. The District's expected revenue from project fees and the sale of the Long Farm parcel did not materialize during fiscal year 2006 which resulted in a \$130,000 variance in operating revenue to final budget.

The District's actual expenditures were under final budget by just over 2% as the District had a pretty strong understanding of operating expenditures at year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District capitalized \$.08 million in construction in progress during the year. The District will track the project expenditures as construction in progress and once the project is completed the various improvements will be dedicated to the appropriate agency. See note 3 of the financial statements for more information.

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

ECONOMIC FACTORS

The District was created to operate on a countywide basis. In the summer, the staff and Trustees met to discuss and reprioritize projects. The District evaluated the 2006 list of needed projects that covers the various areas 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 main focus on Austin Center Interchange to the south of the City of Dayton, the District is trying to work with all communities located in the county having completed work on the northern interchange in Huber Heights.

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

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



Request for Information

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

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 ASSETS
DECEMBER 31, 2006

Assets:

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$ 846,290
Intergovernmental Receivable	3,463,601
<i>Total Current Assets</i>	<u>4,309,891</u>

Noncurrent Assets:

Capital Assets - Construction in Progress	3,571,394
<i>Total Noncurrent Assets</i>	<u>3,571,394</u>
Total Assets	<u><u>7,881,285</u></u>

Liabilities:

Current Liabilities:

Accounts Payable	35,731
Unearned Revenue	3,397,812
<i>Total Current Liabilities</i>	<u>3,433,543</u>
Total Liabilities	<u><u>3,433,543</u></u>

Net Assets:

Invested in Capital Assets	3,571,394
Unrestricted	876,348
Total Net Assets	<u><u>\$ 4,447,742</u></u>

See accompanying notes to the financial statements

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

<u>Functions/Programs</u> Primary Government:	Program Revenues			Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services	Capital Grants and Contributions	
Governmental Activities:				
General Government	\$ 565,258	-	\$ 449,750	(115,508)
Interest and Fiscal Charges	367,872	-	-	(367,872)
Total Primary Government	\$ 933,130	-	\$ 449,750	(483,380)
General Revenues:				
Grants and Contributions not Restricted to Specific Programs				312,500
Unrestricted Investment Earnings				40,704
Miscellaneous				10
Total General Revenues				353,214
Change in Net Assets				(130,166)
Net Assets - Beginning				4,577,908
Net Assets - Ending				\$ 4,447,742

See accompanying notes to the financial statements

**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

**BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>State Route 201/202 Project</u>	<u>Austin Centre Interchange</u>	<u>Kingsridge Road Project</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 846,290	\$ -	\$ -	\$ -	\$ 846,290
Receivables:					
Intergovernmental	-	65,789	3,397,812	-	3,463,601
Interfund Loan	518,856	-	-	-	518,856
Total Assets	\$ 1,365,146	\$ 65,789	\$ 3,397,812	\$ -	\$ 4,828,747
Liabilities					
Payable:					
Accounts	\$ 19,867	\$ 255	\$ 13,601	\$ 2,008	35,731
Interfund Loan	-	65,790	453,066	-	518,856
Deferred Revenue	-	65,789	3,397,812	-	3,463,601
Total Liabilities	19,867	131,834	3,864,479	2,008	4,018,188
Fund Balances					
Unreserved, reported in:					
General	1,345,279	-	-	-	1,345,279
Capital Projects (Deficit)	-	(66,045)	(466,667)	(2,008)	(534,720)
Total Fund Balances (Deficit)	1,345,279	(66,045)	(466,667)	(2,008)	810,559
Total Liabilities and Fund Balances	\$ 1,365,146	\$ 65,789	\$ 3,397,812	\$ -	

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

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

3,571,394

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

65,789

Net Assets of Governmental Activities

\$ 4,447,742

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, 2006

	General	State Route 201/202 Project	Austin Centre Interchange	Kingsridge Road Project	Total Governmental Funds
Revenues:					
Intergovernmental	\$ 312,500	\$ 296,078	\$ 292,913	\$ -	\$ 901,491
Investment Earnings	40,704	-	-	-	40,704
All Other	10	-	-	-	10
Total Revenues	353,214	296,078	292,913	-	942,205
Expenditures:					
Current:					
General Government	348,979	-	-	-	348,979
Capital Outlay	-	135,124	160,750	2,008	297,882
Debt Service:					
Interest	-	-	367,872	-	367,872
Total Expenditures	348,979	135,124	528,622	2,008	1,014,733
Net Change in Fund Balances	4,235	160,954	(235,709)	(2,008)	(72,528)
Fund Balances (Deficit) - beginning	1,341,044	(226,999)	(230,958)	-	
Fund Balances (Deficit) - ending	<u>\$ 1,345,279</u>	<u>\$ (66,045)</u>	<u>\$ (466,667)</u>	<u>\$ (2,008)</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 District only reports construction in progress with no depreciation in the current period, this amount is:

81,603

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

(139,241)

Change in Net Assets of Governmental Activities

\$ (130,166)

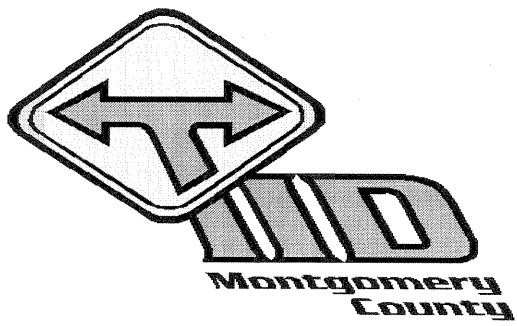
See accompanying notes to the financial statements

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2006

	Advocacy Agency Fund
Assets:	
Cash and Cash Equivalents in Segregated Accounts	1,322
Total Assets	<u>1,322</u>
Liabilities:	
Undistributed Monies	1,322
Total Liabilities	<u>\$ 1,322</u>

See accompanying notes to the basic financial statements



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Government-wide and fund financial statements

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Fund Accounting

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

Governmental Funds

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental funds:

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

State Route 201/202 Project – This fund is used to account for the District’s involvement with the reconfiguration of the Interstate 70 ramps and overpasses at State Route 201 and 202 in the City of Huber Heights. The District is acting as the City’s agent the finalize appropriated right of way acquisitions. The construction project was handled through the Ohio Department of Transportation and was completed during 2005. Now only one right-of-way issue is still outstanding at year end.

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

Kingsridge Road Project – The District is working with Miami Township to improve certain infrastructure around the Dayton Mall and surrounding area. Currently, the District has started the engineering design work and is finalizing the financing plan for the project. Although currently the fund does not meet the requirements of a major fund under GASB 34, the District is choosing to report it as such since in 2007 it will become a major fund.

Additionally, the District reports the following fund type:

Fiduciary Funds

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

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 interest and revenue from intergovernmental agreements are considered to be both measurable and available at fiscal year-end.

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

Unearned/Deferred Revenue

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

Expenses/Expenditures

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

D. Cash and Cash Equivalents

Cash received by the District is pooled for investment purposes. Equity interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents” on the statement of net assets and governmental fund balance sheet by activity or fund. During fiscal year 2006, the District had no investments.

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following Ohio statutes, the Board of Directors has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2006 amount to \$40,704, no amounts were assigned from other District funds as they maintained a negative cash balance for the year.

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

E. Interfund Transactions

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

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

F. Capital Assets

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

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

G. Intergovernmental Revenues

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

H. Reservations of Fund Balance

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. There are no fund equity reserves for 2006.

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Net Assets

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

J. 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.

K. Interfund Activity

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

NOTE 2 – DEPOSIT AND INVESTMENTS

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

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

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006*

NOTE 2 – DEPOSIT AND INVESTMENTS (Continued)

- Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio);
- Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
- Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 year-end the carrying amount of the District's deposits was \$847,612 and the bank balance was \$882,155. The entire bank balance was insured by federal depository insurance. Based on criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2006, \$782,155 of the deposits were exposed to custodial credit risk.

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 2 – DEPOSIT AND INVESTMENTS (Continued)

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

Investments

As of December 31, 2006, 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.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2006, was as follows:

	<u>Balance</u> <u>12/31/05</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/06</u>
Governmental Activities				
Capital Assets, not being depreciated				
Construction in Progress	\$3,489,791	\$81,603	\$0	\$3,571,394
Total	<u>\$3,489,791</u>	<u>\$81,603</u>	<u>\$0</u>	<u>\$3,571,394</u>

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 4 – INTERGOVERNMENTAL REVENUES

The following entities, which are a part of the District, have contributed the following funds during 2006.

<u>Member Name</u>	<u>Contribution (Modified Accrual Basis)</u>
Ohio Department of Transportation	\$250,000
City of Huber Heights	296,078
Montgomery County	64,194
Miami Township	89,343
City of Miamisburg	89,343
City of Springboro	89,343
City of Dayton	23,190
Total Intergovernmental Revenue	<u>\$901,491</u>

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, 2006:

<u>Vendor</u>	<u>Outstanding Balance</u>
LJB, Inc. – Work on Byers Road Engineering	\$43,520
Fraunfelter Accounting Services – Austin Centre TIF	16,500

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 2006, the District contracted with the Brower Insurance agency for liability, property, and crime damage. Coverages provided by the company are as follows:

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 6 – RISK MANAGEMENT (Continued)

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

NOTE 7 – ACCOUNTABILITY

At December 31, 2006, the State Route 201/202 Project, Austin Centre Interchange and Kingsridge Road Project Capital Projects funds had deficit fund balances of \$66,045; \$466,667; and \$2,008 respectively. The deficits were created by application of generally accepted accounting principles. The general fund provides cash to this fund; however that does not happen until needed.

NOTE 8 – DAYTON PORT AUTHORITY RECEIVABLE

The District and the Dayton Port Authority (the “Port”) have a vested interest in the Long Farm property in the northwest corner of the proposed Austin Centre Interchange. The District placed \$3,029,940 on deposit with the Port to enable the financing of the purchase of 121 acres that includes an equity infusion and additional unreimbursed costs. The first debt service payment came due on November 14, 2006, and the District made the payment as a developer has not been selected at this point. This payment of \$367,872 increased the equity infusion and will be repaid at the end of the term or when the property is sold. The equity infusion will be repaid as the Port sells the real property over the following amortization schedule.

Fiscal Year	Amount Due
2007	\$575,331
2008	347,411
2009	357,912
2010	368,730
2011	379,874
2011-2014	1,368,554
Total	\$3,397,812

NOTE 9 - CONTIGENCIES

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

MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 10 – INTERFUND TRANSACTIONS

Interfund asset and liability balances at December 31, 2006, were as follows:

Fund	Interfund	
	Receivable	Payable
MAJOR FUNDS		
General Fund	\$518,856	\$0
State Route 201/202 Project	0	65,790
Austin Centre Interchange	0	453,066
Total Major Funds	\$518,856	\$518,856

The interfund loans from the General Fund to the capital projects are expected to be reimbursed with one year incurred for project related expenditures reimbursed in the next fiscal year.

NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission

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

MVRPC contracts periodically for local funds and other support with the governing board of each of the governments who are members of MVRPC or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the MVRPC. This Board consists of one elected official of each City and municipal corporation, one individual selected by each City planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member City. This Board of Trustees then selects not more than ten residents of the MVRPC Region. The total membership of the Board of Trustees shall not exceed 100. Any member of MVRPC may withdraw its membership upon written notice to MVRPC be effective two years after receipt of the notice by MVRPC. The District paid \$1,000 to MVRPC during 2006. 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.

*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006*

NOTE 12 – DEFINED BENEFIT PENSION PLAN

Public Employees Retirement System

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

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

- The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan
- The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
- The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 9 percent of their annual covered salary to fund pension obligations. Contributions are authorized by State statute. The contribution rates are determined actuarially. The District's required contributions to OPERS for the years ended December 31, 2006, 2005 and 2004 were \$17,849, \$11,408 and \$4,829. 83 percent has been contributed for 2006 and 100% for 2005 and 2004 with the remainder being reported as a liability within the general fund.

NOTE 13 - POST EMPLOYMENT BENEFITS

Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 employer contribution rate was 13.70 percent of covered payroll; 4.50 percent was the portion that was used to fund health care for 2006.

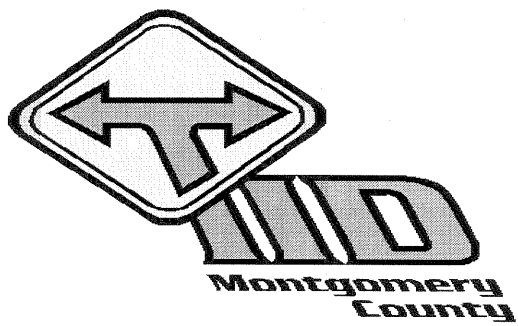
*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006*

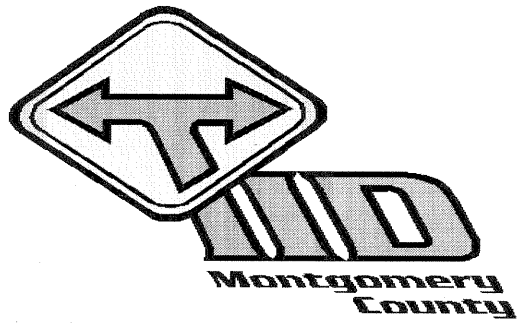
NOTE 13 - POST EMPLOYMENT BENEFITS (Continued)

Benefits are advance-funded using an entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed December 31, 2005 include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

As of December 31, 2005 (latest information available), the actuarial value net assets available for future OPEB payments were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively. At December 31, 2006, the total number of benefit recipients eligible for OPEB through PERS was 369,214. The District's actual contributions for 2006 that were used to fund OPEB were \$8,922.





REQUIRED
SUPPLEMENTARY
INFORMATION

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 250,000	\$ 250,000	\$ 312,500	\$ 62,500
Charges for Services	-	130,000	-	(130,000)
Investment Earnings	15,000	40,000	40,704	704
All Other	-	62,500	10	(62,490)
Total Revenues	<u>265,000</u>	<u>482,500</u>	<u>353,214</u>	<u>(129,286)</u>
Expenditures:				
Current:				
General Government	289,649	356,922	349,057	7,865
Total Expenditures	<u>289,649</u>	<u>356,922</u>	<u>349,057</u>	<u>7,865</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,649)</u>	<u>125,578</u>	<u>4,157</u>	<u>(121,421)</u>
Other Financing Uses:				
Transfers Out	-	(622,725)	-	622,725
Total Other Financing Uses	<u>-</u>	<u>(622,725)</u>	<u>-</u>	<u>622,725</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	<u>(24,649)</u>	<u>(497,147)</u>	<u>4,157</u>	<u>501,304</u>
Fund Balance Beginning of Year	1,360,989	1,360,989	1,360,989	-
Fund Balance End of Year	<u>\$ 1,336,340</u>	<u>\$ 863,842</u>	<u>\$ 1,365,146</u>	<u>\$ 501,304</u>

Budget Basis \$ 4,157

Expenditure Accruals 78

GAAP Basis \$ 4,235

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; however, the Kingsridge Project fund did not have any budgetary activity for 2006 and therefore has no budget presented. 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.

*MONTGOMERY COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2006*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The estimated revenues may be further amended during the year if the Board determines an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final budget resolution issued during 2006.

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.



INDIVIDUAL FUND
SCHEDULES

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE ROUTE 201 AND 202 FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 205,000	\$ 255,030	\$ 296,078	\$ 41,048
All Other	-	-	-	-
Total Revenues	<u>205,000</u>	<u>255,030</u>	<u>296,078</u>	<u>41,048</u>
Expenditures:				
Current:				
Capital Outlay	-	50,000	156,837	(106,837)
Total Expenditures	<u>-</u>	<u>50,000</u>	<u>156,837</u>	<u>(106,837)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>205,000</u>	<u>205,030</u>	<u>139,241</u>	<u>(65,789)</u>
Fund Balance (Deficit) Beginning of Year	(229,207)	(229,207)	(229,207)	-
Fund Balance (Deficit) End of Year	<u>\$ (24,207)</u>	<u>\$ (24,177)</u>	<u>\$ (89,966)</u>	<u>\$ (65,789)</u>

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AUSTIN CENTRE INTERCHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget, Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 2,155,000	\$ 178,000	\$ 292,913	\$ 114,913
Total Revenues	2,155,000	178,000	292,913	114,913
Expenditures:				
Capital Outlay	1,211,725	311,725	189,179	122,546
Debt Service:				
Interest and Fiscal Charges	-	340,000	367,872	(27,872)
Total Expenditures	1,211,725	651,725	557,051	94,674
Excess (Deficiency) of Revenues Over (Under) Expenditures	943,275	(473,725)	(264,138)	209,587
Other Financing Sources:				
Proceeds from Sale of Notes	665,000	-	-	-
Transfers In	50,000	662,725	-	(662,725)
Total Other Financing Sources	715,000	662,725	-	(662,725)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	1,658,275	189,000	(264,138)	(453,138)
Fund Balance Beginning of Year	(190,070)	(190,070)	(190,070)	-
Fund Balance (Deficit) End of Year	\$ 1,468,205	\$ (1,070)	\$ (454,208)	\$ (453,138)

STATISTICAL



SECTION

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

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

	2006	2005	2004
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$ 3,571,394	\$ 3,489,791	\$ 3,412,284
Unrestricted	876,348	1,088,117	1,468,647
<i>Total Governmental Activities Net Assets</i>	<u>\$ 4,447,742</u>	<u>\$ 4,577,908</u>	<u>\$ 4,880,931</u>

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

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

	2006	2005	2004
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government	\$ -	\$ 95,000	\$ 19,490
Capital Grants and Contributions	449,750	79,854	499,506
<i>Total Governmental Activities Program Revenues</i>	449,750	174,854	518,996
Expenses			
Governmental Activities:			
General Government	565,258	510,824	625,444
Interest and Fiscal Charges	367,872	-	-
<i>Total Governmental Activities Expenses</i>	933,130	510,824	625,444
Net (Expense)/Revenue			
Governmental Activities	(483,380)	(335,970)	(106,448)
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Grants and Entitlements not Restricted to Specific Programs	312,500	-	312,500
Investment Earnings	40,704	32,947	18,177
Other	10	0	0
<i>Total Governmental Activities</i>	353,214	32,947	330,677
Change in Net Assets			
Governmental Activities	\$ (130,166)	\$ (303,023)	\$ 224,229

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

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

	2006	2005	2004	2003	2002
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 2,400
Unreserved	1,345,279	1,341,044	1,489,107	1,281,788	108,773
<i>Total General Fund</i>	<u>1,345,279</u>	<u>1,341,044</u>	<u>1,489,107</u>	<u>1,281,788</u>	<u>111,173</u>
All Other Governmental Funds					
Reserved	-	25,318	38,857	28,873	6,744
Undesignated, Reported in:					
Capital Projects Funds (Deficit)	(534,720)	(483,275)	(232,145)	89,105	29,290
<i>Total All Other Governmental Funds</i>	<u>(534,720)</u>	<u>(457,957)</u>	<u>(193,288)</u>	<u>117,978</u>	<u>36,034</u>
<i>Total Governmental Funds</i>	<u>\$ 810,559</u>	<u>\$ 883,087</u>	<u>\$ 1,295,819</u>	<u>\$ 1,399,766</u>	<u>\$ 147,207</u>

* The District's first reporting year was 2002.

MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT

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

	2006	2005	2004	2003	2002
Revenues					
Intergovernmental	\$ 901,491	\$ 20,866	\$ 462,582	\$ 6,657,876	\$ 304,575
Charges for Services	-	95,000	137,368	31,025	-
Investment Earnings	40,704	32,947	18,177	12,747	1,442
Other	10	26,786	199,234	700	19
<i>Total Revenues</i>	<u>942,205</u>	<u>175,599</u>	<u>817,361</u>	<u>6,702,348</u>	<u>306,036</u>
Expenditures					
Current:					
General Government	348,979	276,010	260,726	217,391	144,278
Capital Outlay	297,882	312,321	660,582	5,232,398	14,551
Debt Service:					
Interest	367,872	-	-	-	-
<i>Total Expenditures</i>	<u>1,014,733</u>	<u>588,331</u>	<u>921,308</u>	<u>5,449,789</u>	<u>158,829</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(72,528)</u>	<u>(412,732)</u>	<u>(103,947)</u>	<u>1,252,559</u>	<u>147,207</u>
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	50,000
Transfers Out	-	-	-	-	(50,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>\$ (72,528)</u>	<u>\$ (412,732)</u>	<u>\$ (103,947)</u>	<u>\$ 1,252,559</u>	<u>\$ 147,207</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A

* The District's first reporting year was 2002.

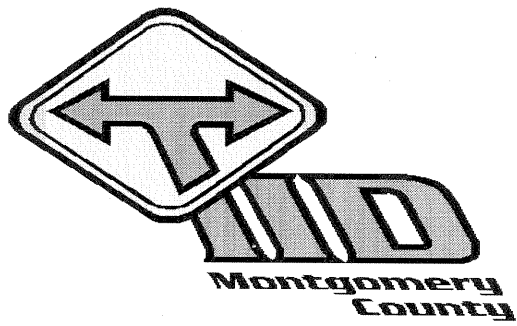
**MONTGOMERY COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

MISCELLANEOUS STATISTICS

DECEMBER 31, 2006

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





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

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

We have audited the financial statements of the governmental activities and each major fund of the Transportation Improvement District of Montgomery County, Ohio (the "District") as of and for the year ended December 31, 2006, and have issued our report thereon dated June 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the governing body, management and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

June 28, 2007



Mary Taylor, CPA
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 30, 2007**