



**Auditor of State  
Betty Montgomery**



**BUTLER COUNTY**  
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**BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

| Federal Grantor/<br>Pass Through Grantor<br>Program Title       | Pass Through<br>Entity<br>Number | Federal<br>CFDA<br>Number | Disbursements           |
|---|----------------------------------|---------------------------|-------------------------|
| <b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>  |                                  |                           |                         |
| <i>Passed Through Ohio Department of Development:</i>           |                                  |                           |                         |
| Community Development Entitlement Grant                         | B-00-UC-39-0008                  | 14.218                    | \$216,702               |
|   | B-01-UC-39-0008                  |                           | 737,784                 |
|   | B-02-UC-39-0008                  |                           | 664,487                 |
| Total Community Development Entitlement Grant                   |                                  |                           | <u>1,618,973</u>        |
| HOME Investment Partnerships Program                            | M-00-DC-39-0222                  | 14.239                    | 273,968                 |
|   | M-01-DC-39-0222                  |                           | 266,334                 |
|   | M-02-DC-39-0222                  |                           | 24,234                  |
| Total HOME Investment Partnerships Program                      |                                  |                           | <u>564,536</u>          |
| <i>Total Passed Through the Ohio Department of Development</i>  |                                  |                           | <u>2,183,509</u>        |
| <b>Total U.S. Department of Housing and Urban Development</b>   |                                  |                           | <b><u>2,183,509</u></b> |
| <b><u>U.S. DEPARTMENT OF JUSTICE</u></b>                        |                                  |                           |                         |
| Community Gun Violence Prosecution Program                      | 2002-GP-CX-0086                  | 16.609                    | 27,064                  |
| Public Safety Partnership and Community Policing Grant          | 95-CC-WX-0382                    | 16.710                    | 32,500                  |
| <i>Passed Through Ohio Emergency Management Agency</i>          |                                  |                           |                         |
| State Domestic Preparedness Equipment Support Program           |                                  | 16.007                    | 149,580                 |
| <i>Passed Through Office of Criminal Justice Services:</i>      |                                  |                           |                         |
| Byrne Formula Grant Program                                     | 2001-DG-D02-7162                 | 16.579                    | 36,697                  |
|   | 1999-DG-D02-7423                 |                           | 20,000                  |
|   |                                  |                           | <u>56,697</u>           |
| Violence Against Women Act                                      | N/A                              | 16.588                    | <u>6,576</u>            |
| <i>Total Passed Through Office of Criminal Justice Services</i> |                                  |                           | 63,273                  |
| <i>Passed Through Ohio Department of Youth Services</i>         |                                  |                           |                         |
| Juvenile Accountability Incentive Block Grant                   | 2001-JB-001-A025                 | 16.523                    | 237,552                 |
|   | 2001-JB-001-A159                 |                           | 59,197                  |
|   | 2000-JB-001-A198                 |                           | 12,546                  |
|   | N/A                              |                           | <u>120,172</u>          |
|   |                                  |                           | 429,467                 |

(Continued)

**BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(Continued)**

|   |               |        |                       |
|---|---------------|--------|-----------------------|
| Comprehensive Strategy Juvenile Accountability<br>Incentive Block Grant |               | 16.540 | 21,634                |
| Title V: Delinquency Prevention Program                                 | N/A           | 16.548 | <u>21,007</u>         |
| <i>Total Passed Through Ohio Department of Youth<br/>Services</i>       |               |        | 472,108               |
| <i>Passed Through Ohio Attorney General's Office:</i>                   |               |        |                       |
| Crime Victim Assistance   | 2002VAGENE464 | 16.575 | 43,098                |
|   | 2002VAGENE462 |        | 45,024                |
|   | 2002VAGENE103 |        | <u>36,921</u>         |
| Total Crime Victim Assistance   |               |        | 125,043               |
| Local Law Enforcement Block Grant                                       | N/A           | 16.592 | <u>55,182</u>         |
| <i>Total Passed Through Ohio Attorney<br/>General's Office</i>          |               |        | <u>180,225</u>        |
| Total U.S. Department of Justice  |               |        | <u><b>924,750</b></u> |

**U.S. DEPARTMENT OF TRANSPORTATION/FEDERAL  
HIGHWAY ADMINISTRATION**

|   |           |        |                         |
|---|-----------|--------|-------------------------|
| <i>Passed Through Ohio Department of Transportation</i> |           |        |                         |
| Highway Planning and Construction                       | PID 15735 | 20.205 | 597,295                 |
|   | PID 16315 |        | 14,679                  |
|   | PID 17037 |        | 1,807,292               |
|   | PID 18549 |        | <u>1,054,474</u>        |
| Total Highway Planning and Construction                 |           |        | 3,473,740               |
| <b>Total U.S. Department of Transportation</b>          |           |        | <u><b>3,473,740</b></u> |

**U.S. DEPARTMENT OF LABOR**

|  |     |        |                         |
|--|-----|--------|-------------------------|
| <i>Passed Through Ohio Department of Job and Family Services</i> |     |        |                         |
| Workforce Investment Act Cluster                                 |     |        |                         |
| Workforce Investment Act - Youth Activities                      |     |        | 738,248                 |
| Workforce Investment Act - Youth Activities -- Administrative    |     |        | <u>78,705</u>           |
| Workforce Investment Act -- Youth Total                          | N/A | 17.259 | 816,953                 |
| Workforce Investment Act - Adult                                 |     |        | 507,665                 |
| Workforce Investment Act - Adult -- Administrative               |     |        | <u>54,123</u>           |
| Workforce Investment Act -- Adult Total                          | N/A | 17.258 | 561,788                 |
| Workforce Investment Act - Dislocated Workers                    |     |        | 881,034                 |
| Workforce Investment Act - Dislocated Workers -- Administrative  |     |        | <u>93,928</u>           |
| Workforce Investment Act - Dislocated Workers Total              | N/A | 17.260 | 974,962                 |
| Total Workforce Investment Act Cluster                           |     |        | 2,353,703               |
| Job Training Partnership Act                                     | N/A | 17.246 | 18,396                  |
| Welfare to Work  | N/A | 17.253 | <u>1,248,258</u>        |
| <b>Total U.S. Department of Labor</b>                            |     |        | <u><b>3,620,357</b></u> |

(Continued)

**BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(Continued)**

**OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY**

|   |     |        |              |
|---|-----|--------|--------------|
| Nonpoint Source Implementation Grant                          | N/A | 66.460 | <u>3,273</u> |
| <b>Total Office of Water, Environmental Protection Agency</b> |     |        | <b>3,273</b> |

**U.S. DEPARTMENT OF ENERGY**

*Passed through Ohio Emergency Management Agency*

|   |     |        |               |
|---|-----|--------|---------------|
| Consolidated Monitoring and Oversight Grant | N/A | 81.104 | <u>11,572</u> |
| <b>Total U.S. Department of Energy</b>      |     |        | <b>11,572</b> |

**FEDERAL EMERGENCY MANAGEMENT AGENCY**

*Passed Through Ohio Emergency Management Agency*

|  |              |        |                |
|--|--------------|--------|----------------|
| Emergency Management Performance Grants          |              | 83.552 | 117,667        |
| Public Assistance Grants                         | DR-1390/2001 | 83.544 | 62,566         |
|  | DR-1390/2002 | 83.544 | <u>71,928</u>  |
| Total Public Assistance Grants                   |              |        | 134,494        |
| <b>Total Federal Emergency Management Agency</b> |              |        | <b>252,161</b> |

**U.S. DEPARTMENT OF EDUCATION**

*Passed Through Ohio Department of Education*

|   |                  |        |                |
|---|------------------|--------|----------------|
| Special Education Cluster                 |                  |        |                |
| Title VI-B                                | 6BSF-00/01 P     | 84.027 | 22,246         |
| Preschool Grant                           | PG-S1/SC-00/01 P | 84.173 | <u>19,653</u>  |
| Total Special Education Cluster           |                  |        | 41,899         |
| Nutrition Cluster                         |                  |        |                |
| School Breakfast Program                  | N/A              | 10.553 | 43,460         |
| National School Lunch Program             | N/A              | 10.555 | <u>65,970</u>  |
| Total Nutrition Cluster                   |                  |        | 109,430        |
| <b>Total U.S. Department of Education</b> |                  |        | <b>151,329</b> |

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE**

*Passed through Ohio Department of Youth Services*

|   |     |        |               |
|---|-----|--------|---------------|
| Americorps  | N/A | 94.006 | <u>11,976</u> |
| <b>Total Corporation for National and Community Service</b> |     |        | <b>11,976</b> |

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

*Passed Through Ohio Department of Mental Health:*

|   |     |        |                |
|---|-----|--------|----------------|
| Title XX Social Service Block Grant   | N/A | 93.667 | 168,979        |
| <i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i> |     |        |                |
| Title XX Social Service Block Grant   | N/A | 93.667 | <u>219,040</u> |
| Total Title XX Social Service Block Grant   |     |        | 388,019        |

(Continued)

**BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(Continued)**

|   |                  |         |  |                                   |
|---|------------------|---------|--|-----------------------------------|
| <i>Passed Through Ohio Department of Mental Health:</i>                                     |                  |         |  |                                   |
| Title XIX Medical Assistance Program  | N/A              | 93.778  |  | 4,688,021                         |
| <i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>               |                  |         |  |                                   |
| Title XIX Medical Assistance Program  | N/A              | 93.778  |  | 454,499                           |
| <i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i> |                  |         |  |                                   |
| Title XIX Medical Assistance Program  | N/A              | 93.778  |  | 4,949,587                         |
| Total Title XIX Medical Assistance Program  |                  |         |  | <u>10,092,107</u>                 |
| <i>Passed Through Ohio Department of Mental Health:</i>                                     |                  |         |  |                                   |
| Block Grant for Community Mental Health Services  | N/A              | 93.958  |  | 305,274                           |
| <i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>               |                  |         |  |                                   |
| Block Grant for Community Mental Health Services  | N/A              | 93.958  |  | 47,911                            |
| Total Block Grant for Community Mental Health Services                                      |                  |         |  | <u>353,185</u>                    |
| <i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>               |                  |         |  |                                   |
| Block Grant for the Prevention and Treatment of Substance Abuse                             | N/A              | 93.959  |  | 2,418,275                         |
| <i>Passed Through Ohio Department of Youth Services:</i>                                    |                  |         |  |                                   |
| Youth Diversion Grant   | 2000-JV-T50-5036 | 93.959  |  | 119,610                           |
| Total Block Grant for the Prevention and Treatment of Substance Abuse                       |                  |         |  | <u>2,537,885</u>                  |
| <i>Passed Through Ohio Department of Job and Family Services</i>                            |                  |         |  |                                   |
| Grants to States for Access and Visitation Programs   | N/A              | 93.597  |  | 39,522                            |
| <i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>               |                  |         |  |                                   |
| Head Substance Abuse Prevention Program   | N/A              | 81.186A |  | 33,750                            |
| <i>Passed Through Ohio Department of Mental Health</i>                                      |                  |         |  |                                   |
| Projects for Assistance in Transition from Homelessness                                     | N/A              | 93.150  |  | 65,496                            |
| <i>Passed Through the Butler County Educational Service Center</i>                          |                  |         |  |                                   |
| Headstart   | N/A              | 93.600  |  | 6,000                             |
| <b>Total U.S. Department of Health and Human Services</b>                                   |                  |         |  | <u><b>13,515,964</b></u>          |
| <b>Total</b>  |                  |         |  | <u><u><b>\$24,148,631</b></u></u> |

*The accompanying notes to this schedule are an integral part of this schedule.*



**BUTLER COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2002  
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

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

**NOTE C – SUBRECIPIENTS**

The County passes-through certain Federal assistance received from the U.S. Department of Health and Human Services to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal programs. Under Federal Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

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## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Butler County  
315 High Street  
Hamilton, Ohio 45011

To the Board of County Commissioners:

We have audited the accompanying financial statements of Butler County, Ohio (the County), as of and for the year ended December 31, 2002, and have issued our report thereon dated August 6, 2003, wherein we noted the County adopted Governmental Accounting Standards Board Statement No. 34. 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.

#### **Compliance**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated August 6, 2003.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-003. We also noted other matters involving the internal control structure over financial reporting that do not require inclusion in this report that we have reported to management of the County in a separate letter date August 6, 2003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the audit committee, management, the Board of County Commissioners and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 6, 2003  
Except for Finding 2002-002 which is dated August 29, 2003



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Butler County  
315 High Street  
Hamilton, Ohio 45011

To the Board of County Commissioners:

#### Compliance

We have audited the compliance of Butler County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

#### Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program. In order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Schedule of Federal Awards Expenditures**

We have audited the basic financial statements of the County as of and for the year ended December 31, 2002, and have issued our report thereon dated August 6, 2003, wherein we noted the County adopted Governmental Accounting Standards Board Statement No. 34. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 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 general purpose financial statements taken as a whole.

This report is intended for the information and use of the audit committee, management, the Board of County Commissioners, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

August 6, 2003

**BUTLER COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2002**

**1. SUMMARY OF AUDITOR'S RESULTS**

|              |  |   |
|--------------|--|---|
| (d)(1)(i)    | Type of Financial Statement Opinion  | Unqualified   |
| (d)(1)(ii)   | Were there any material control weakness conditions reported at the financial statement level (GAGAS)?         | No  |
| (d)(1)(ii)   | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | Yes   |
| (d)(1)(iii)  | Was there any reported material non-compliance at the financial statement level (GAGAS)?                       | Yes   |
| (d)(1)(iv)   | Were there any material internal control weakness conditions reported for major federal programs?              | No  |
| (d)(1)(iv)   | Were there any other reportable internal control weakness conditions reported for major federal programs?      | No  |
| (d)(1)(v)    | Type of Major Programs' Compliance Opinion   | Unqualified   |
| (d)(1)(vi)   | Are there any reportable findings under § .510?  | No  |
| (d)(1)(vii)  | Major Programs (list):   | CFDA #17.253 Welfare to Work<br>CFDA #93.778: Title XIX: Medical Assistance Program |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs  | Type A: > \$724,459<br>Type B: all others   |
| (d)(1)(ix)   | Low Risk Auditee?  | Yes   |

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

**FINDING NUMBER 2002-001**

**Material Noncompliance / Finding for Recovery**

The Butler County Adult Probation Department Policy Manual Section 6.3.h states that an employee is entitled to compensation, at his or her current rate of pay, for any earned but unused vacation leave for the current year to his or her credit, at the time of separation or retirement.

Four Adult Probation employees were over paid for unused vacation leave which was earned as of December 31, 2002 and paid during 2003. Leave usage forms were not accurately recorded and calculation errors were noted on internal records maintained by the Adult Probation Department used to monitor leave usage. The following employees resigned from Butler County Adult Probation Department during 2003 and were overpaid as follows:

|                 |          |
|-----------------|----------|
| Richard Baker   | \$567.51 |
| William Gray    | \$673.36 |
| David Schiavone | \$568.09 |
| Ronald Wells    | \$568.55 |

**FINDING NUMBER 2002-001  
(Continued)**

In accordance with the foregoing facts and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Richard Baker in the amount of \$567.51, William Gray in the amount of \$673.36, David Schiavone in the amount of \$568.09 and Ronald Wells in the amount of \$568.55.

**FINDING NUMBER 2002-002**

**Material Noncompliance / Finding for Recovery**

Ohio Rev. Code, Sections 325.08, 325.18 & 2303.03, establish the salary to be paid to a County Clerk of Courts. Also, County Advisory Bulletin 2001-09 which was published by the County Commissioners Association of Ohio, provides a table for the Clerk of Courts salary based on the above mentioned Ohio Revised Code sections.

The Butler County Clerk of Courts established salary for 2002 was \$59,748. The 2002 salary established in the County's payroll system by the Butler County Auditor \$65,513 resulting in an overpayment to the Clerk of Courts during 2002 in the amount of \$5,765. The Clerk of Courts began repayment through payroll deduction beginning February 2003 through December 2004 in order to repay the County the entire amount of the overpayment. As of August 29, 2003, the Clerk of Courts has repaid the County in the amount of \$1,681, leaving a balance of \$4,084.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Cindy Carpenter, Butler County Clerk of Courts and her bonding company, Ohio Casualty Insurance Company, jointly and severally in the amount of \$4,084.

**FINDING NUMBER 2002-003**

**Reportable Condition -- Leave Records**

The Adult Probation Department sick and vacation leave records indicated the incorrect use of leave forms. Incorrect use of leave forms could cause the County to pay leave to an employee that was already taken by the employee and cause inaccurate leave balances. Inaccurate leave balances could cause the County to pay the employee too much upon the employee's termination or retirement.

We recommend the Adult Probation Department use the following procedures for sick and vacation leave records:

- All leave should be requested on the appropriate leave form;
- All leave forms should be signed by the employee;
- All leave forms should be signed and approved by the employee's supervisor;
- Sick and vacation leave balances should be accurately maintained for all employees; and
- Leave documented on the attendance record should agree to the leave forms and reviewed by management.

**3. FINDINGS FOR FEDERAL AWARDS**

None.



BUTLER COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b> |
|----------------|---|------------------|---|
| 2001-001       | Non-compliance of ORC 5705.41B – Expenditures exceeded appropriations | Yes              |   |



# BUTLER COUNTY OHIO

Comprehensive  
Annual  
Financial  
Report

Year Ended December 31, 2002



## **ABOUT THE COVER**

### **California Road Bridge in Morgan Township**

The new California Road Bridge in Morgan Township was constructed and opened during 2002. The photograph was provided by the Butler County Engineer's Office. For more information about the Butler County Engineer, visit the web site at [www.bceo.org](http://www.bceo.org).

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# **BUTLER COUNTY, OHIO**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2002**

**ISSUED BY:**

**KAY ROGERS, CPA, CGFM  
BUTLER COUNTY AUDITOR**

# INTRODUCTORY SECTION

## Focus

*This year the Butler County, Ohio Comprehensive Annual Financial Report features the work of the Butler County Engineer's office.*

*The Butler County Engineer's Office is a full-service public agency covering all facets of road and highway transportation, tax mapping, and commercial and subdivision development services.*



**Gregory J. Wilkens, P.E., P.S.**  
Butler County Engineer

Butler County welcomed Gregory J. Wilkens, P.E., P.S., as its new County Engineer on January 1, 2001. Greg brings a foundation of integrity, experience and leadership to Ohio's second fastest growing county, with an understanding of the demands of the county's commercial and residential growth. He has pledged to make sound decisions that place the public welfare and safety above all other concerns.

Previous to being elected Engineer, Greg served as the Executive Director of the Butler County Transportation Improvement District (TID) where he oversaw the construction of the Michael Fox Highway (Rt. 129), as well as the development of the Union Centre interchange at I-75 and the roadway grid associated with the interchange.

The mission of the Butler County Engineer's Office is to design, build and maintain the safest, most efficient roadway network possible for the citizens of Butler County, Ohio.

BUTLER COUNTY ENGINEER'S OFFICE



GREGORY J. WILKENS, P.E., P.S. BUTLER COUNTY ENGINEER



**Greg Wilkens, P.E., P.S. and Robert Petrocy**

The California Road Bridge was dedicated in July 2002 to all United States Veterans and Prisoners of War. Robert Petrocy, a lifelong Butler County resident and WWII veteran and POW, supervised the design of the bridge. The \$2,000,000 bridge replaced an aged structure built in 1953. The road was realigned for safer passage over the 500 feet span across Dry Fork Creek in Morgan Township.





**The old California Road Bridge constructed in 1953.**



**The new California Road Bridge over Dry Fork Creek constructed in 2002.**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2002

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For The Year Ended December 31, 2002

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## BUTLER COUNTY AUDITOR

August 6, 2003

To the Citizens and  
Board of Commissioners of Butler County:

It is our pleasure to present the Butler County Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2002. This report contains basic financial statements, supplemental statements, and other financial and statistical information, providing complete and full disclosure of all material financial aspects of Butler County for 2002.

The Fiscal Services Division of the County Auditor's Office is responsible for the accuracy, completeness, and fairness of this report. This report is prepared in conformance with generally accepted accounting principles as set forth by the Government Accounting Standards Board (GASB) and other recognized authoritative sources, and is representative of our continual commitment to provide accurate and timely financial information to the citizens of Butler County.

The CAFR is divided into the following sections:

1. The Introductory Section contains a table of contents, letter of transmittal, certificate of achievement, a list of elected officials, and the organizational charts of the County and County Auditor's Fiscal Services Division.
2. The Financial Section contains the Independent Accountant's Report; Management's Discussion and Analysis; Basic Financial Statements and Notes to the Financial Statements, which provide an overview of the County's financial position and operating results; and the Combining Statements for nonmajor funds and other schedules that provide additional information relative to the Basic Financial Statements and the Required Supplemental Information.
3. The Statistical Section includes selected financial, economic, and demographic information about the County that may be used to extrapolate trends in comparison to other years.

### FORM OF GOVERNMENT AND REPORTING ENTITY

Butler County, established in 1803, was one of Ohio's original eight counties. Located in Southwestern Ohio between Hamilton and Montgomery Counties, it shares its northern border with Preble County, and its eastern border with Warren County. To the west is the Indiana state line.

Butler County, with a 2002 estimated population of 340,543, ranks eighth largest of Ohio's 88 counties and third among the 14 counties comprising the Greater Miami Valley. The county encompasses 469 square miles with thirteen municipalities and thirteen townships. The City of Hamilton is the county seat and the largest of the incorporated areas with a population of 60,690. West Chester Township is the largest unincorporated area in the County and, with a population of 54,895, is Ohio's third-most populous township.

The County has only those powers conferred upon it by Ohio statutes. A three-member Board of County Commissioners, elected at large in the even numbered years for four-year, over-lapping terms, is the primary legislative and executive body of the County. An appointed County Administrator directs and supervises activities of departments directly responsible to the Board of County Commissioners. The Administrator's responsibilities include coordinating the annual budgetary process as primary liaison between the Board of County Commissioners and other County elected officials, designated boards, and other units of government.

The Auditor, who serves as the chief fiscal officer and real estate property assessor for the County, and the Treasurer, who collects property taxes and is the custodian of all funds, are also elected to four-year terms. Other elected officials serving four-year terms include the Prosecuting Attorney, Sheriff, Engineer, Clerk of Courts, Recorder, and Coroner. Judges presiding over the Court of Common Pleas, Domestic Relations Court, Juvenile Court, Probate Court, and the County Court are also elected on a countywide basis.

The County provides its citizens with a wide range of services that include human and social services, health and community assistance related services, civil and criminal justice system services, road and bridge maintenance, and other general and administrative support services. The County maintains enterprise funds to account for the water and sewer system operations, as well as the operations of the Government Services Center parking garage. The County also maintains internal service funds for workers' compensation and employee health insurance.

For financial reporting purposes, the County includes all funds, account groups, agencies, boards, and commissions making up Butler County (the Primary Government) and its Component Unit in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity." The Primary Government includes the financial activities of the County Board of Mental Retardation and Developmental Disabilities, Butler County Community Mental Health Board, Butler County Children Services Board, Butler County Planning Commission, Butler County Veterans Service Commission, and Butler County Alcohol and Drug Addiction Services Board.

The County serves as fiscal agent but is not financially accountable for the following agencies, Butler County General Health District, Butler County Soil and Water Conservation District, Butler County Regional Transit Authority, Metroparks of Butler County, Twelfth District Court of Appeals, Regional Mobile Data Board and the Solid Waste Planning District; therefore, they are reflected as agency funds within the County's financial section.

Miami Valley Industries Workshop has been included as a discretely presented component unit based on the significant services and resources provided by the County.

Excluded from the reporting entity because they are legally separate and fiscally independent of the County are the following agencies. Butler County Education Services Center, Butler County Technology and Career Development School (Joint Vocational School District), Butler County Historical Society, Butler County Law Library, Butler County Agricultural Society, Butler County Humane Society, Alcoholism Council of Butler County, Inc., Certified Development Corporation of Butler County, Inc., House of Calm, Inc (dab Sojourner Home), Southwestern Ohio Serenity Hall, Drug Counseling Services of Butler County Ohio Inc., Pastoral Counseling Service of Middletown Inc., and the Center for Forensic Psychiatry, Inc.

The Butler County Emergency Management Agency and the Economic Development Association of Butler County are disclosed as governmental joint ventures. The Butler County Transportation Improvement District is disclosed as a jointly governed organization. The County Risk Sharing Authority is disclosed as a risk sharing pool. The Butler County Regional Transit Authority is disclosed as a related organization of the county.

A complete discussion of the County's reporting entity is provided in Notes 1 and 20 to the Basic Financial Statements.

## **ECONOMIC CONDITION AND OUTLOOK**

Butler County has been one of the fastest growing counties in Ohio over the last two decades. Recent census returns indicate that Butler County's population increased nearly 42,000 from 1990 to 2000, ranking fourth among Ohio's 88 counties in population growth. Considered the center of a "metroplex" connecting Cincinnati and Dayton, it has been projected that this area could rank among the ten largest markets in the nation by 2010. Served by rail lines, interstate highways, two nearby international airports, and a developing high-speed fiber-optic data communications infrastructure, Butler County is an ideal location for businesses to locate and prosper.

A total of 3,622 building permits were issued in 2002 in the unincorporated areas of Butler County, representing over \$374 million of valuation. These figures do not reflect activity within the incorporated cities of Butler County.

Through its Enterprise Zone program, Butler County initiated tax incentives to a number of companies expanding within, or relocating to, Butler County, Ohio. During 2002, two projects were approved and estimates suggest that these projects will create and retain 170 jobs in Butler County. In addition, these projects are estimated to generate over \$5 million in real property investment and almost \$20 million in personal property investment. These projects reflect a decrease of approximately \$16 million from the previous year, reflective of the recession that affected the Country during 2002.

The Board of County Commissioners also administers the Butler County Revolving Loan Fund through the Certified Development Company of Butler County, Inc. (CDC). Revolving Loan Fund projects in 2002 consisted of \$558,245 in investment at three sites in Butler County and commits employers to create six full time jobs. The CDC is also involved in the Small Business Administration's 504 Affordable Loan Program. Seven loans were approved under this program with a combined total project cost of \$7,187,498 in public and private investment. This investment commits Butler County employers to create or retain a minimum of seventy-eight full time jobs. Over 1,251 jobs have been created or retained in Butler County over the last ten years due to programs administered by the CDC.

## **MAJOR INITIATIVES**

### **Water System**

Although there were no major capital construction projects taking place as a part of water system improvements, there were a number of infrastructure replacement projects that took place. Also, the replacement of polybutylene water service lines is a major project, which will continue until this problem is resolved. Butler County is currently involved in litigation against the manufacturers and marketers of this material. There are also a number of engineering studies underway to determine the immediate and long-term capital needs to keep this rapidly growing water system safe and reliable.

2002 saw the addition of approximately 19 miles of new water mains to the system resulting in the total number of miles of water lines in the Butler County system of 608 miles.

Projects performed in conjunction with roadway improvements resulted in the replacement of approximately 5,000 feet of 12-inch diameter cast iron water main with ductile iron main as part of the widening of Port Union Road at a cost of \$295,000. Roadway improvements along Liberty-Fairfield Road resulted in the replacement of approximately 3,400 feet of 8, 10, and 12-inch cast iron mains with ductile iron mains at a cost of \$263,000.

The on-going replacement of failed polybutylene water service lines throughout the service area has resulted in costs for the year 2002 of approximately \$1,800,000.

### **Sewer System**

Approximately 18 miles of sanitary sewer lines were added to the system in 2002. These new lines increased the total miles of sewer lines in the Butler County system to 709 miles.

The need for continued infrastructure improvements has resulted in the replacement of two sewage lift stations. These replacements were necessary to insure the reliability of our collection and transport system. The Greencrest Lift Station in Fairfield Township and the Sharon Creek Lift Station in West Chester Township have been replaced at a cost of approximately \$2,100,000.

The construction of 400 feet of relief sanitary sewer in the Autumn Glenn area was completed at a cost of \$87,000 thereby eliminating potential sewage backups in this area.

### **Miscellaneous Projects**

The upgrade of the Supervisory Control and Data Acquisition (SCADA) system at LeSourdsville Water Reclamation Facility, which was started in 2001, is essentially complete. The total cost of this project is approximately \$750,000.

The Department of Environmental Services also continued the implementation of the Geographical Information System (GIS) to consolidate the mapping of water and sewer lines located in their respective service areas throughout the County. The completion of this project, anticipated in mid-2003 at a cost of approximately \$1.7 million, will provide the means to locate all of our utilities electronically, thus creating a highly efficient,

facilitative benefit to all of our customers, employees, and other interested stakeholders. This also represents a technological milestone for the *Department of Environmental Services and the Butler County Commissioners*.

### **Capital Improvements**

The Board of County Commissioners is charged with the responsibility of maintaining the facilities and equipment that serve the primary government offices of the County. New improvements were undertaken and many neared completion during 2002, as the *County continues to invest and expand*.

The County's justice system is undergoing a significant upgrade in the form of a new \$35 million adult detention facility. Construction began in late 1999 and the facility was completed during the summer of 2002. The new facility currently houses 646 inmates, 120 of which are out of county inmates. This represents 65% of the capacity of the facility, with 1 - 48 bed pod currently not in use and available for future expansion.

The County continues to allocate resources for technology in government operations and economic development. The County spent over \$4 million this year to develop over one hundred miles of fiber optic backbone throughout the County. This new age super highway is in operational status and provides important attributes in our efforts to attract business to the County.

### **FOCUS ON THE BUTLER COUNTY ENGINEER'S OFFICE**

The mission of the Butler County Engineer's Office is to design, build, and maintain the safest, most efficient roadway network possible for the citizens of Butler County Ohio. This includes 272 miles of roadway, 374 bridges, and 1,196 culverts currently on the County system.

The BCEO is a full-service public agency covering all facets of road and highway transportation, tax mapping, and commercial and subdivision development services. County Engineer Greg Wilkens' principle duty is to ensure motorist safety while supporting the continued growth of a strong local economy.

According to the Ohio Revised Code, the county engineer's office is also responsible for the "construction, reconstruction, resurfacing, or improvement of roads by boards of township trustees." meaning that the Butler County Engineer serves as the engineer for the thirteen townships and their network of roadways as well.

The County Engineer participates in county and regional planning commissions and works cooperatively with various local and regional agencies on future project needs. All potential projects are identified and developed by BCEO engineers, who also determine potential local and outside funding sources for each project and place them on a time line for design and construction.

### **Funding**

Primary local funding sources for the Engineer's Office are highway user fees such as motor vehicle fuel taxes and license plate registration fees. Supplemental funds (voted bond issues and levies, as well as fines) are available for specific highway improvements. The average annual income generated from these two sources is approximately \$12 million.

All revenue is important as local match money for leveraging state and federal grant money. Butler County is one of Ohio's fastest growing counties, which puts a strain on existing roadways that were not originally designed to handle today's high traffic volumes. To keep traffic flowing smoothly and safely requires adequate funding for much-needed projects. The BCEO has been a leader among Ohio counties in the aggressive pursuit of state and federal grants.

More information about current and completed projects can be found on the BCEO web site at [www.BCEO.org](http://www.BCEO.org).



## **FINANCIAL INFORMATION**

### **Basis of Accounting**

The County's records are maintained on a cash basis for all fund types. At year-end, adjusting entries are prepared for the various funds to convert the cash basis records to the modified accrual basis of accounting for all governmental funds and to the accrual basis for the proprietary and fiduciary funds. Modified accrual accounting requires that revenues be recognized when both measurable and available. Expenditures, other than interest and principal on long-term debt, are recorded when fund liabilities are incurred. The accrual basis of accounting used for the proprietary funds recognizes revenues when earned and expenses when incurred.

### **Internal Control**

The County's system of internal accounting controls is designed to provide reasonable, but not absolute, assurance that (1) financial transactions are processed in accordance with management's authorization, (2) transactions comply with County policies and Ohio law, and (3) financial records are reliable for preparing financial statements and maintaining accountability for assets and obligations. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived from their implementation and that the evaluation of costs and benefits require estimates and judgments by management.

### **Budgetary Control**

By early January, the Board of County Commissioners adopts the annual appropriation measure for all funds, except for agency funds and certain non-budgeted special revenue funds. All disbursements and transfers of cash between funds other than agency funds require appropriation authority from the Commissioners. Budgets are controlled within a department and fund. All purchase orders and contracts must be approved by a majority of the Board of County Commissioners except where another board or elected official is given this responsibility by statute. As contracts and purchase orders are issued to vendors, corresponding amounts of appropriations are reserved by the use of encumbrances to ensure that appropriations are not overspent. Contracts or purchase orders that exceed available appropriations are rejected by the accounting system until additional appropriations are obtained. A description of the various funds and account groups and the basis of accounting are included in Note 2 to the basic financial statements.

## **OTHER INFORMATION**

### **Independent Audit**

Included in this report is the Auditor of State's unqualified opinion rendered on the County's basic financial statements as of and for the year ended December 31, 2002. An independent audit of the County's financial statements is part of the annual preparation of the CAFR. This annual independent audit will continue to review, comment on, and thereby strengthen the County's accounting and budgetary controls.

### **GFOA Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Butler County for its comprehensive annual financial report for year ended December 31, 2001. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for consideration.

**Acknowledgments**

We would like to thank the Butler County Commissioners and all elected and appointed county officials for their support and assistance in this endeavor. It is truly a group effort that would not be possible without the cooperation of all county departments.

A special word of thanks is offered to Tim Williams in the Commissioners' office, Ralph Statzer and Mike Foley with the Department of Environmental Services, and Denny Krall and Scott Harris from the Engineers' office, whose efforts are greatly appreciated.

The Auditor of State's Local Government Services Division was invaluable once again in adding their expertise and dedication to the project.

This report would not have been possible if not for the monumental efforts and dedication of the Fiscal Services staff. Our sincere thanks are extended to the Fiscal Services staff, each of whom were invaluable contributors committed to this project. To Vickie Birri, LaVonne Brandenburg, Stephanie Conigliaro, Lauren Costello, Nina Evans, Anne Gaw, Beverly Hoskins, Dawn McClure, Linda Ruthen, Rachel Sandlin, Jodi Schueler, Harry Steger, and Mimi Sullivan, we offer our gracious thanks for your efforts and your support. We would like to especially recognize Janie Adkins, Jill Cole, and Doug Lewan for their untiring commitment to this project. Well done, once again.

It is the mission of the Auditor's office to bring a high level of professionalism to Butler County government and to better inform and educate its citizens. Through the issuance of this Comprehensive Annual Financial Report, the County remains accountable to the public, and the public trust with which we have been provided, is retained. This report provides a fair representation of the financial condition of the County as of and for the year ended December 31, 2002. We ask for your continuing support of this project and in our efforts to best serve the citizens of Butler County.

Sincerely,



Kay Rogers, CPA, CGFM  
Butler County Auditor



Belinda L Ricketts  
Director - Fiscal Services

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Butler County,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2001

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

**Butler County, Ohio**

**December 31, 2002**

**Elected Officials:**

---

**Board of  
County Commissioners**

**Courtney E. Combs  
Michael A. Fox  
Charles Furmon**

**President  
Commissioner  
Commissioner**

---

**Other Elected Officials**

**Gregory J. Wilkens, PE, PS  
Kay Rogers, CPA, CGFM  
Carole B. Mosketti  
Danny N. Crank  
Harold D. Gabbard  
Dr. Richard Burkhardt  
Cindy Carpenter  
Robert N. Piper**

**Engineer  
Auditor  
Treasurer  
Recorder  
Sheriff  
Coroner  
Clerk of Courts  
Prosecutor**

---

**Common Pleas Court**

**Honorable Matthew J. Crehan**

**Administrative Judge**

---

**General Division:**

**Honorable H.J. Bressler  
Honorable Patricia S. Oney  
Honorable Michael J. Sage  
Honorable Keith M. Spaeth**

**Judge  
Judge  
Judge  
Judge**

---

**Domestic Relations Division:**

**Honorable Leslie H. Spillane  
Honorable Sharon Kennedy**

**Judge  
Judge**

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**Juvenile Division:**

**Honorable David J. Niehaus**

**Presiding Judge**

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**Probate Division:**

**Honorable Randy T. Rogers**

**Judge**

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**Area Court I  
Area Court II  
Area Court III**

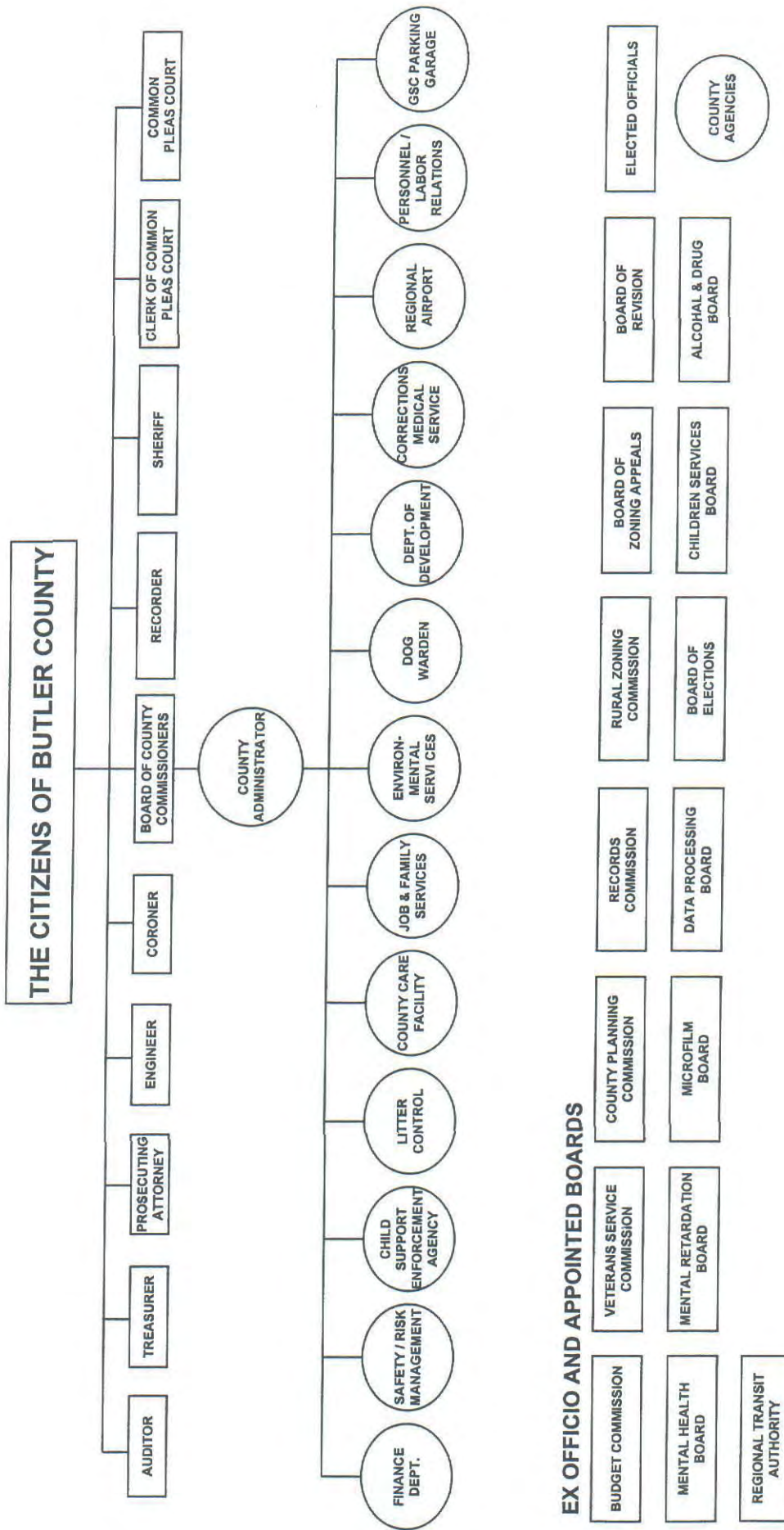
**Honorable Robert Lyons  
Honorable John B. Connaughton  
Honorable Robert Hendrickson**

**Presiding Judge  
Presiding Judge  
Presiding Judge**

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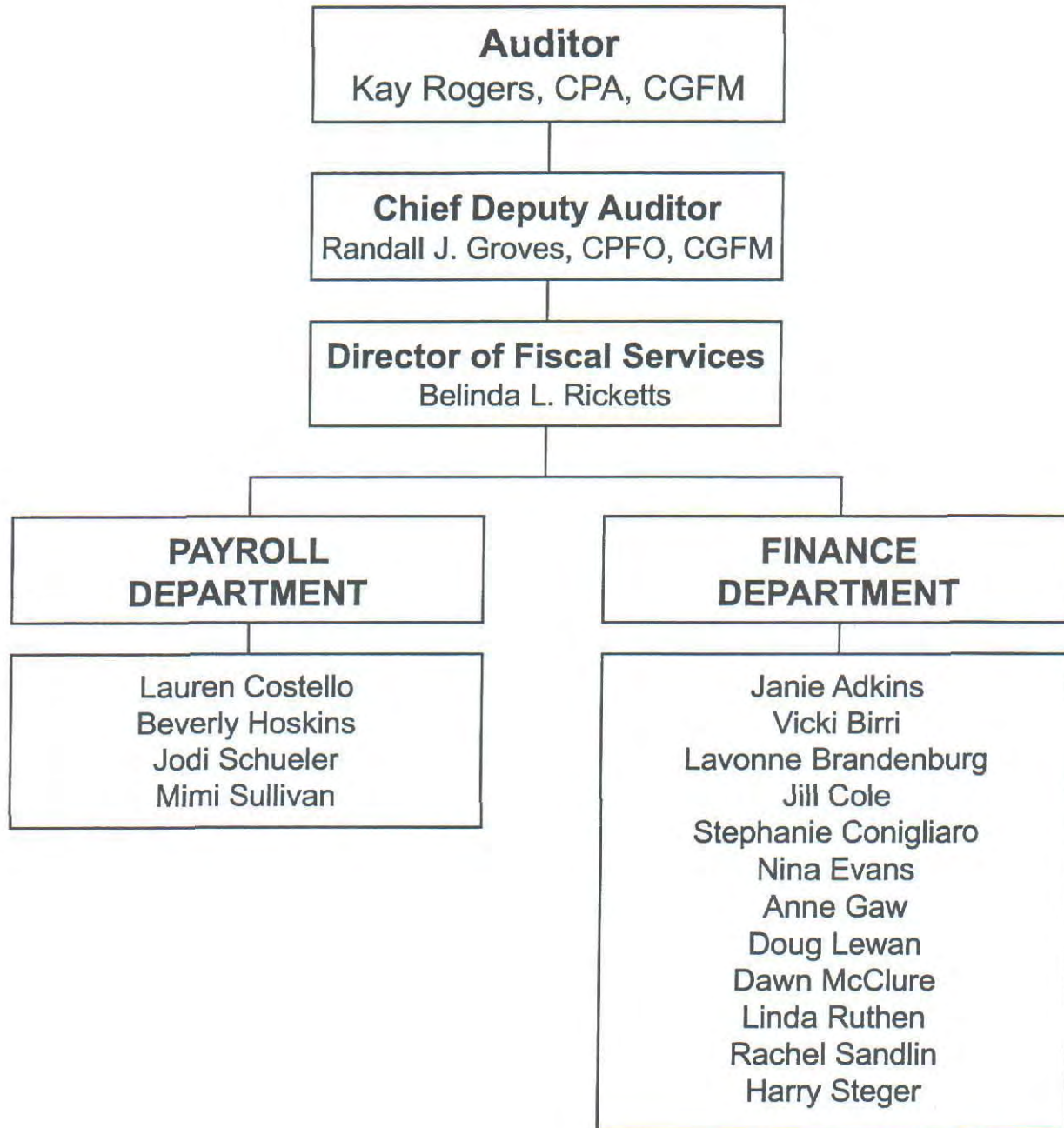
# Butler County, Ohio

## Organizational Chart



# Butler County, Ohio

## Auditor's Office – Fiscal Services Division *Organization and Representative Duties*



# FINANCIAL SECTION



Butler County Engineer's Office is prepared to keep the roads open and safe for all its citizens.





**New Elk Creek Road Culvert.**



**New bridge on Oxford-Middletown Road.**





**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANT'S REPORT**

August 6, 2003

Butler County  
130 High Street  
Hamilton, Ohio 45011

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Butler County, Ohio (the County), as of and for the year ended December 31, 2002, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Butler County, Ohio, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General, Mental Retardation Fund, Jobs & Family Services Fund and Children Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2002, the Government implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2003 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and information regarding the County's infrastructure assets following the Notes to the Basic Financial Statements are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires.

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.

We conducted our audit to form opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory, the combining and individual non-major fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual non-major fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



**Betty Montgomery**  
Auditor of State

**Butler County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2002**  
**Unaudited**

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Management's Discussion and Analysis offers the users of these financial statements an introspective look at the finances of Butler County for the year ended December 31, 2002, providing an easily readable overview of the County's financial performance as a whole while assisting readers in interpreting the basic financial statements. In addition to the information presented here, readers are also encouraged to review the transmittal letter, found on page iv, and the County's financial statements, beginning on page 15, for a more complete picture of Butler County's financial performance.

### **Financial Highlights**

- Total net assets for Butler County increased nearly \$14 million, virtually all from business-type activities as governmental net assets remained at essentially the same level as the prior year.
- General revenues accounted for 35% of total revenues for governmental activities, totaling \$73 million. Seventy-nine percent, or \$57.4 million of these general revenues were received in the form of property or sales taxes.
- The adult detention facility construction was completed and \$29.875 million in general obligation bonds were issued.
- \$2.745 million in general obligation bonds were issued to finance the continued construction of the fiber optic highway.
- The County and the City of Hamilton settled the water agreement litigation and forged a new water agreement effective July 1, 2002 through December 31, 2021. As part of the settlement, the County issued \$35 million in general obligation judgement bonds, to be retired with water revenues.
- General Fund expenditures outpaced revenues and the year-end fund balance suffered a \$3.2 million, or 17%, decline. Unreserved fund balance at year-end totaled \$11.3 million, or 20% of total 2002 General Fund expenditures.
- Children Services Board Fund expenditures exceed revenues by \$4.7 million, or 74%, and fund balance dropped sharply to \$1.6 million, of which just \$778,139 is unreserved fund balance at year-end, or just 3.4% of total 2002 expenditures.

### **Overview of the Financial Statements**

This discussion and analysis introduces you to Butler County's basic financial statements, which are made up of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Other supplementary information is also contained within this report, including the combining financial statements, individual fund schedules, and statistical information.

**Government-wide Financial Statements.** Butler County's government-wide financial statements include a **Statement of Net Assets** and a **Statement of Activities**, which report for the first time on the financial activities of the Butler County government as a whole, giving the reader a summary of county finances with a view of the bottom-line results of the County's operations.

Additionally, in a departure from the County's prior method of accounting and financial reporting, these statements are now prepared using the economic resources measurement focus and the accrual basis of accounting, similar to financial statements prepared in the private sector. As a result, all assets and liabilities of the County are accrued, and revenues and expenses are reported in the current year regardless of when the resulting cash flows occur.

The County's financial activities are identified in the government-wide financial statements as *governmental activities* or *business-type activities*. *Governmental activities* constitute the majority of the County's operations and are financed primarily by operating grants, taxes, charges for services, capital grants, and other intergovernmental revenues. Butler County's governmental activities are accounted for in governmental funds and are classified as follows:

*Legislative and Executive* - general government operations including the offices of the commissioners, auditor, treasurer, prosecutor, recorder, the department of development, information services, the board of elections, maintenance department, and records center.

*Judicial* - court related activities including the operations of the common pleas court, probate court, county courts, juvenile court, domestic relations court, municipal court, drug court, court of appeals, and clerk of courts.

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*Public Safety* - activities associated with the protection of the public including the sheriff's operations, juvenile detention center, adult probation department, county paramedics, office of the coroner, and the criminal justice board.

*Public Works* - activities associated with maintaining County roads and bridges, the Butler County Regional Airport, litter control, and other associated community grant programs.

*Health* - activities aimed at serving the public health, including activities provided by the Board of Mental Retardation and Developmental Disabilities, Mental Health Board, and the Alcohol and Drug Addiction Services Board.

*Human Services* - activities related to the provision of various forms of services and assistance to individuals, children, and families, including services provided or funded by the County Care Facility, Elderly Services Levy, Veterans Services Board, Children Services Board, Child Support Enforcement Agency, and the Department of Job and Family Services.

*Conservation and Recreation* - activities associated with conserving and maintaining the beauty of County lands, including the services provided through the Ohio State Agriculture Program and the Butler County Soil and Water Conservation District.

*Business-type activities* are those activities accounted for in enterprise funds, including the County's water and sewer operations and the Government Services Center Parking Garage operations. Business-type activities rely on user fees and other charges to wholly, or to a large extent, fund their operations.

The **Statement of Net Assets** reports all assets and liabilities of the County, with net assets being the difference between the two. This statement is useful when evaluating the financial condition of the County. Monitoring the changes to net assets over time is one indication of whether the County's financial condition is improving or deteriorating.

The **Statement of Activities** reports for the current fiscal year the changes to the County's net assets, which is the difference between revenues and expenses. However, the format of this statement departs from a more traditional "revenues less expenses equals net assets" format you may see in the private sector.

Generally, private sector goals are to generate income, or simply put, maximize revenues. As such, private sector operating statements present revenues first. Expenses, which reduce revenue maximization, are presented next as a deduction against those revenues.

Public sector goals are different in that servicing the needs of the citizens, or spending, is what drives the financial activities. Thus, the statement of activities is designed to present expenses before revenues in order to emphasize that service activities dictate the level of resources that are required to be raised.

In the County's Statement of Activities, resources used to fund service activities are identified as either program revenues (resources obtained from outside the County, such as fees, charges for services, grants, and contributions) or general revenues (all non-program revenues, including taxes). Butler County operations have also been classified into distinct governmental or business-type service activities. These activities are reported in a format that allows the reader to see the extent to which each activity is supported or self-financed by program revenues or draws on the general resources of the County. The Statement of Activities is therefore useful in assessing the level of self-sufficiency of the various governmental or business type activities versus management established performance benchmarks.

The financial activities of Miami Valley Industries, Inc., a component unit of Butler County, is presented in a separate column on the Statement of Net Assets and as a separately identified activity on the Statement of Activities. While the County provides a significant amount of services and resources to Miami Valley Industries, Inc., this discrete presentation is made in order to emphasize that it is a legally separate organization from Butler County. However, the focus of the government-wide financial statements remains clearly on Butler County as the primary government

The government-wide financial statements begin on page 15 of this report.

**Fund Financial Statements.** A fund is an accounting term referring to a segregated group of accounts used to account for and to assist with the management of financial resources received. Various funds may be established to

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account for specific activities or objectives of the County, and to demonstrate compliance with finance related legal requirements associated with those resources.

Fund financial statements report additional and more detailed information about the County with an emphasis on *major funds*. Major funds are those governmental or enterprise funds that have been determined to be the most significant based on a defined set of financial criteria, as well as any other funds deemed to be particularly important to readers because of public interest or to ensure consistency between years. Information is presented separately in the fund financial statements for each of the major funds. Information for all non-major funds is aggregated and presented in a separate column of the fund financial statements. Detailed data for each of the non-major funds are provided in the combining statements and individual fund schedules that follow the basic financial statements.

All funds of Butler County are classified into one of three fund categories, either governmental, proprietary, or fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements, but use a different measurement focus. Governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting, a short-term view focusing on the flow of monies into and out of the funds and the year-end balances available for near-future spending. This is in contrast to the government-wide financial statements that incorporate a longer-term focus. A reconciliation included in the governmental fund financial statements compares the *governmental funds* information to the *governmental activities* information as reported in the government-wide financial statements.

Butler County maintains over one hundred individual governmental funds, the following of which are considered major funds: General, Mental Retardation, Job and Family Services, Children Services Board, Bond Retirement, and Buildings Construction and Renovation. The basic governmental fund financial statements begin on page 18 of this report.

**Proprietary Funds.** The County uses two types of proprietary funds - enterprise funds and internal service funds. Since the proprietary fund financial statements are prepared using the same measurement focus and basis of accounting as the *government-wide financial statements*, they provide the same type of information, only in greater detail.

Enterprise funds are used to account for the County's water and sewer operations, which are the business-type activities as reported in the government-wide financial statements. Internal service funds are used to account for the financing of services provided by one department to other departments in the County on a cost-reimbursement basis. The County uses internal service funds to account for its self-insurance of employee health benefits and its workers' compensation program. Since these programs mostly benefit governmental rather than business functions, they have been included in the governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements begin on page 29 of this report

**Fiduciary Funds.** Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for outside parties and are accounted for in a manner similar to proprietary funds. Fiduciary funds are not presented in the government-wide financial statements as their resources are not available to support the County's governmental or business-type activities. The basic fiduciary fund financial statements begin on page 33 of this report.

**Notes to the Financial Statements.** The notes to the financial statements are an integral part of the basic financial statements, providing additional important disclosures essential for a complete understanding of the financial data reported in the government-wide and fund financial statements. The notes to the financial statements begin on page 34 of this report.

**Summary.** To summarize, the government-wide financial statements report the County's activities as a whole, using a longer-term, economic resources measurement focus while the fund financial statements report financial activities in more detail, with a shorter-term focus and emphasis on major funds. More simply, the primary focus of government-wide financial statements is demonstrating *operational accountability*, while the primary focus of the fund financial statements is demonstrating *fiscal accountability*. Butler County management believes these basic financial statements provide the reader with the best information yet available to assess the level of Butler County's fiscal and operational accountability, both near-term and long-term.

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Table 1  
Net Assets

|  | Governmental Activities |                      | Business-type Activities |                      | Total                |                      |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|  | 2002                    | 2001                 | 2002                     | 2001                 | 2002                 | 2001                 |
| <b>Assets</b>                                      |                         |                      |                          |                      |                      |                      |
| Current and other assets                           | \$ 171,041,456          | \$ 175,882,848       | \$ 86,399,223            | \$ 48,928,131        | \$ 257,440,679       | \$ 224,810,979       |
| Capital assets                                     | 364,586,702             | 350,943,486          | 235,377,059              | 227,468,817          | 599,963,761          | 578,412,303          |
| <b>Total Assets</b>                                | <b>535,628,158</b>      | <b>526,826,334</b>   | <b>321,776,282</b>       | <b>276,396,948</b>   | <b>857,404,440</b>   | <b>803,223,282</b>   |
| <b>Liabilities</b>                                 |                         |                      |                          |                      |                      |                      |
| Current and other liabilities                      | 80,872,276              | 103,609,330          | 5,422,132                | 7,101,546            | 86,294,408           | 110,710,876          |
| Long-term liabilities:                             |                         |                      |                          |                      |                      |                      |
| Due within one year                                | 16,801,797              | 12,371,228           | 4,743,919                | 4,295,000            | 21,545,716           | 16,666,228           |
| Due in more than one year                          | 89,935,600              | 61,442,975           | 126,041,392              | 94,760,489           | 215,976,992          | 156,203,464          |
| <b>Total Liabilities</b>                           | <b>187,609,673</b>      | <b>177,423,533</b>   | <b>136,207,443</b>       | <b>106,157,035</b>   | <b>323,817,116</b>   | <b>283,580,568</b>   |
| <b>Net Assets</b>                                  |                         |                      |                          |                      |                      |                      |
| Invested in capital assets,<br>net of related debt | 271,096,789             | 263,677,486          | 142,564,982              | 130,247,858          | 413,661,771          | 393,925,344          |
| Restricted for:                                    |                         |                      |                          |                      |                      |                      |
| Capital projects                                   | 302,669                 | -                    | -                        | -                    | 302,669              | -                    |
| Debt service                                       | 8,984,295               | 17,453,413           | 8,951,296                | 8,881,586            | 17,935,591           | 26,334,999           |
| Replacement and Improvement                        | -                       | -                    | 8,064,434                | 3,660,457            | 8,064,434            | 3,660,457            |
| Other purposes                                     | 61,150,784              | 58,124,881           | -                        | -                    | 61,150,784           | 58,124,881           |
| Unrestricted                                       | 6,483,948               | 10,147,021           | 25,988,127               | 27,450,012           | 32,472,075           | 37,597,033           |
| <b>Total Net Assets</b>                            | <b>\$348,018,485</b>    | <b>\$349,402,801</b> | <b>\$185,568,839</b>     | <b>\$170,239,913</b> | <b>\$533,587,324</b> | <b>\$519,642,714</b> |

### Government-wide Financial Analysis

The County realized a rather moderate 3%, \$13.9 million increase in total net assets from the combined 2002 governmental and business-type activities. The investment in capital assets (net of related debt issued to acquire the assets) of \$413.7 million represents 78% of total net assets of the County. Capital assets are used to provide services to residents and do not represent assets that may be used for future spending.

Sixty-five percent (65%) of the County's net assets are used providing governmental activities. While there was virtually no change to net assets used in governmental activities from 2001 to 2002, net assets used in business-type activities increased by nine percent (9%). The balance of total unrestricted net assets decreased \$5.1 million in 2002, and now makes up 6% of total net assets. Unrestricted net assets are available for use in providing ongoing services to the County's residents.

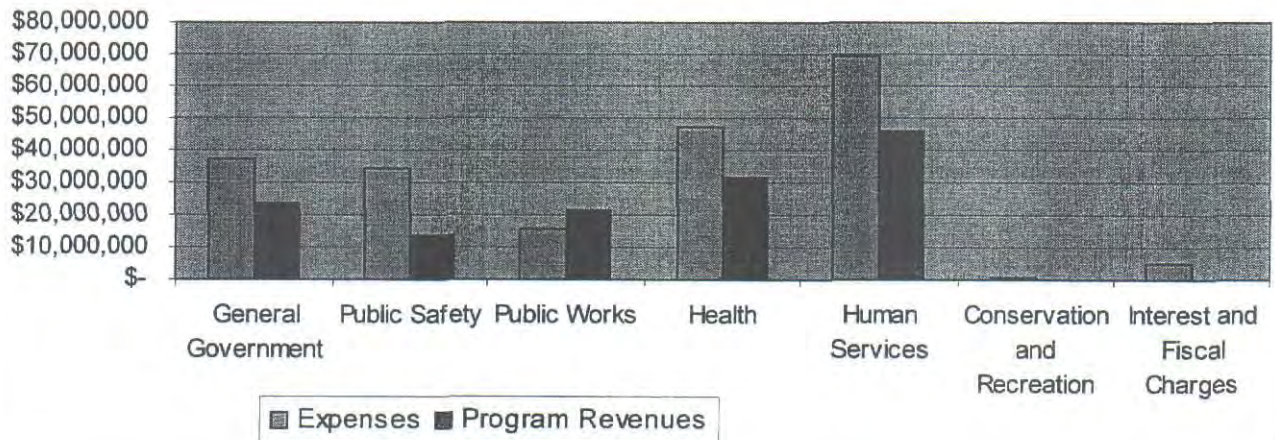
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Table 2  
Changes in Net Assets

|   | Governmental<br>Activities | Business-type<br>Activities | Total                 |
|---|----------------------------|-----------------------------|-----------------------|
| <b>Revenues</b>   |                            |                             |                       |
| <b>Program Revenues:</b>  |                            |                             |                       |
| Charges for Services  | \$ 27,540,280              | \$ 36,825,781               | \$ 64,366,061         |
| Operating Grants and Contributions                              | 83,874,604                 | -                           | 83,874,604            |
| Capital Grants and Contributions                                | 24,079,550                 | 19,328,626                  | 43,408,176            |
| <b>General Revenues:</b>  |                            |                             |                       |
| Property Taxes  | 40,737,025                 |                             | 40,737,025            |
| Sales Taxes   | 16,642,460                 |                             | 16,642,460            |
| Grants and Contributions Not<br>Restricted to Specific Programs | 10,072,833                 |                             | 10,072,833            |
| Special Assessments   | -                          |                             | -                     |
| Interest  | 4,726,714                  | 112,115                     | 4,838,829             |
| Other   | 819,767                    | 1,678,347                   | 2,498,114             |
| <b>Total Revenues</b>   | <b>208,493,233</b>         | <b>57,944,869</b>           | <b>266,438,102</b>    |
| <b>Expenses</b>   |                            |                             |                       |
| <b>General Government:</b>                                      |                            |                             |                       |
| Legislative and Executive                                       | 24,241,162                 |                             | 24,241,162            |
| Judicial  | 12,735,544                 |                             | 12,735,544            |
| Public Safety   | 34,599,025                 |                             | 34,599,025            |
| Public Works  | 15,657,130                 |                             | 15,657,130            |
| Health  | 47,395,622                 |                             | 47,395,622            |
| Human Services  | 69,442,215                 |                             | 69,442,215            |
| Conservation and Recreation                                     | 520,722                    |                             | 520,722               |
| Interest and Fiscal Charges                                     | 4,905,164                  |                             | 4,905,164             |
| Sewer   |                            | 20,016,850                  | 20,016,850            |
| Water   |                            | 22,896,846                  | 22,896,846            |
| Parking Garage  |                            | 83,212                      | 83,212                |
| <b>Total Expenses</b>   | <b>209,496,584</b>         | <b>42,996,908</b>           | <b>252,493,492</b>    |
| <b>Increase in Net Assets before Transfers</b>                  | <b>(1,003,351)</b>         | <b>14,947,961</b>           | <b>13,944,610</b>     |
| <b>Transfers</b>  | <b>(380,965)</b>           | <b>380,965</b>              | <b>-</b>              |
| <b>Increase (Decrease) in Net Assets</b>                        | <b>(1,384,316)</b>         | <b>15,328,926</b>           | <b>13,944,610</b>     |
| <b>Net Assets January 1, 2002</b>                               | <b>349,402,801</b>         | <b>170,239,913</b>          | <b>519,642,714</b>    |
| <b>Net Assets December 31, 2002</b>                             | <b>\$ 348,018,485</b>      | <b>\$ 185,568,839</b>       | <b>\$ 533,587,324</b> |

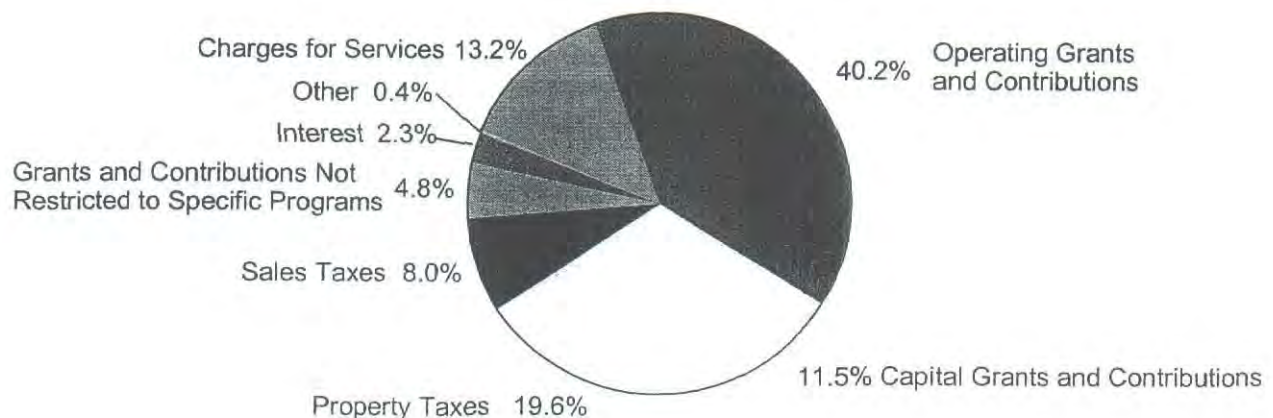
**Governmental Activities.** The County's governmental activity expenses exceeded program revenues in 2002 by \$74 million and, with an infusion of \$72.6 million of general revenues, resulted in only a very slight \$1.4 million decrease to net assets. Total net assets used in governmental activities have now reached \$348 million. General government expenses of \$37 million represent 18% of total governmental activity expenses. Debt service expenses associated with governmental activities were just 2% of total governmental activity expenses. Since 2002 is the first year the County has prepared financial statements following GASB Statement 34, revenue and expense comparisons to 2001 are not available. In future years, when prior-year information is available, a comparative analysis of revenue and expense data will be presented.

**Table 3**  
**Expenses and Program Revenues - Governmental Activities**



Program revenues constitute 65% of total revenues associated with governmental activities, while 35% are general revenues. Of the general revenues, 79% come from property taxes or sales taxes. Table 3 provides a comparison of governmental activity expenses with program revenues. Table 4 provides a breakdown of the sources of governmental activity revenues.

**Table 4**  
**Revenues by Source - Governmental Activities**





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**Business-type Activities.** The County's sewer and water system operations constitute 99% of the business-type activities. Butler County management has established sound fiscal plans and mechanisms in order to respond to the challenges of delivering efficient and cost effective services to a large service area whose capacity has been continually expanding due to the tremendous growth the County has seen over the years. Net assets of the business-type activities increased \$15.3 million in 2002, a 9% increase over 2001, further improving the County's already-excellent financial position. The single most significant event leading to this increase in net assets was the favorable settlement of the water contract litigation with the city of Hamilton, the County's principal water supplier. The resultant recognition of \$34.8 million of deferred charges for water rate stabilization arising from this settlement accounted for 77% of the increase in 2002 total assets over 2001, which exceeded the \$30.1 million, 28% increase in total liabilities. Further detail regarding the financial condition of the sewer and water systems, and additional discussion relative to the effect of the settlement of the water contract litigation, are provided in the *Fund Analysis* section that follows.

### **Fund Analysis**

As mentioned above, various funds have been established to account for specific County activities or objectives. A summary of the most significant fiscal activity in the County's funds follows.

*Governmental Funds.* Once again, governmental funds report County financial activity focusing on the near-term flow of expendable resources and assists in demonstrating fiscal accountability. Thus, fund balances provide us with a snapshot of what resources are available at year-end for near-term spending, and an analysis of changes to fund balances over time assists in evaluating the degree to which a specific program, or a group of activities, is "living within its means."

At year-end, the governmental funds combined ending fund balance of \$43.2 million was \$19.2 million, or 80% higher than the same balance just one year ago. The \$30 million bond proceeds credited to the Buildings Construction and Renovation Fund was the major cause of this increase to total governmental fund balance, however there were several funds that struggled as revenues did not keep pace with expenditures in 2002. For example, the General Fund absorbed a \$3.2 million decrease in its fund balance (17%), and the Children Services Board Fund balance dropped \$4.7 million (74%).

Only a portion of the \$43.2 million fund balance in the governmental funds is available for spending in next year's budget, however. This is referred to as the *unreserved fund balance*, and at December 31, 2002, the unreserved fund balance for the governmental funds had increased to \$31.7 million, or 73% of the total fund balance, and a \$18.7 million increase over the previous year-end unreserved fund balance. The *reserved fund balance* indicates what monies have already been committed and are not an available expendable resource. The reserved governmental funds balance of \$11.5 million represents 27% of the total fund balance and has either been committed for the payment of current contracts and purchase orders (\$6.8 million), debt service (\$2.7 million), or other miscellaneous commitments (\$.4 million), or has been reserved until loans or advances have been repaid to the General Fund (\$1.6 million).

Butler County continues to maintain a strong financial position despite the impact of recent poor economic conditions. The slowed economy and its direct effect on consumer spending translate into lower permissive sales tax revenues, the largest of all tax revenues received by the County. Permissive sales tax revenues, which have shown progressive, even double-digit increases in recent years, have flattened out and have increased only 3% in 2001 and 2002. This is a credit to Butler County where, despite the nationwide economic slowdown, increases can still be realized due to new economic and development growth within the County.

The General Fund, the County's principal operating fund, ended the year with a \$15.3 million fund balance, \$11.3 million of which was unreserved. This unreserved fund balance is 17% of the 2003 General Fund budget. This position has fallen slightly from the previous year, yet is on line with management's strategic target and still a good indicator of a currently healthy financial condition. As discussed further in the General Fund Budget Analysis, management has instituted budgetary constraints that are intended to hold the line, and potentially reverse, the downward movement of the General Fund balance.

The Children Services Board Fund expenditures exceeded revenues by nearly 26% leaving a balance at year-end of \$1.6 million. This is a significant decline from the previous year, largely due to increased service costs and declining revenues. Placement costs of \$9,836,252.00 were 13% higher than 2001. Also, programs to assist families in their own homes, and increases in clothing, medical and adoption services were \$.9 million higher, and service contracts increased by \$1.1 million over 2001 levels. Additionally, federal and state revenues were lower by 18% and 4%, respectively. The Board is addressing these current conditions through cuts to provider contracts, organizational restructuring to more efficiently utilize staff and resources, and initiating cuts in placement costs. The current tax levy

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supporting these human services activities expires in 2003, and the Board is seeking a tax levy renewal in November of 2003.

*Proprietary Funds.* The proprietary funds financial statements provide the same information as seen in the government-wide financial statements only in more detail. A summary of financial activity occurring in the sewer and water enterprise funds follows.

*Sewer Fund.* The sewer system's \$19.6 million in current assets, predominantly comprised of equity in pooled cash and cash equivalents, and current liabilities of \$3.5 million resulted in a current ratio at year-end of 5.6, meaning the liquidation of less than one-fifth of current assets are required to pay current obligations. This leaves a fairly large safety margin of working capital (current assets less current liabilities) for ongoing operations, debt service, and unforeseen contingencies that may arise.

The sewer system achieved favorable operating results during 2002, thus improving the system's excellent financial position. Operating revenues increased by nearly \$1 million, or 5.5%, and operating expenses were about 7%, or \$1.1 million higher, resulting in operating income of only \$212,075. However, the combined effects of net non-operating revenues and expenses, capital contributions (which include capacity fees to finance growth), and operating transfers added \$9.6 million, resulting in a 9%, \$9.9 million increase to net assets.

*Water Fund.* The water system's \$10.6 million in current assets were also comprised to a great extent of equity in pooled cash and cash equivalents. Comparing current assets to current liabilities of \$1.6 million results in a current ratio of 6.6, meaning that about fifteen percent of current assets must be liquidated to cover current liabilities, again leaving a large safety margin of working capital for ongoing operations, debt service, and unforeseen contingencies that may arise.

Operating results for the water system were very favorable in 2002, largely due to the very dry summer weather that caused many customers to increase their water usage significantly. Operating revenues increased by \$2.4 million, despite a 12% rate reduction taking effect in October, and operating expenses of \$20.5 million were virtually the same as in 2001, leaving an operating loss of \$201,504. Yet, the effect of net non-operating revenues, capital contributions and operating transfers added \$5.6 million, providing a 9% increase to net assets of \$5.4 million.

Litigation between the County and the city of Hamilton regarding a 1989 water agreement was settled in 2002, whereby the existing water contract was terminated and replaced with a new water agreement for the period July 1, 2002 through December 31, 2021. The water contract settlement and subsequent agreement with the city of Hamilton provides the County with a much more favorable rate structure as well as more flexibility and options for securing water for County residents. It is conservatively estimated that the present value of the savings to the County from this settlement equals at least the \$35.5 million judgement bond issue. Note 18 to the financial statements provides a more in-depth summary of this settlement agreement.

### **General Fund Budget Analysis**

Budgetary control over expenditures in 2002 became a challenge due to the finalization of construction and occupancy of the new adult detention facility as well as the increase to employee healthcare costs. In addition, over a half million dollars of discretionary funds were allocated to townships within the County for various capital projects. The County approached the year of 2002 by placing limits on operating budgets. Capital expenditures and travel expenses were curtailed, staff additions were frozen, and overall awareness to budgetary controls were enhanced and fortified within the departments operating within the General Fund.

The General Fund's final 2002 appropriation budget, at \$70.1 million, was only slightly higher than the original appropriation budget filed at the beginning of the year. The largest percentage change to an appropriation account occurred in Public Works, where an additional \$571,100 was allocated for community grants. An additional \$688,544, an increase of approximately 6% from the original budget, was appropriated for Judicial expenditures, which were due mostly to additional costs expected for attorney fees, the vast majority arising from the addition of a new judgeship in Juvenile Court. As for revenues, final budgeted revenues were 11% less than originally anticipated, largely due to a \$7.5 million reduction in the group health insurance reimbursements estimate, a component of Charges for Services.

On the surface, the overall effect of the changes to the original budget looks like a deficit budget condition of over \$8 million. However, interim budget adjustments to reduce the projected deficit were postponed by management to discourage the utilization of cash reserves during a period of uncertain state and local economic conditions and

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legislative changes. As expected, the differences between the final budget amounts and actual revenues and expenditures in 2002 were favorable to the County.

Actual revenues exceeded budgeted revenues by nearly \$4 million, due in large part to favorable variances in Charges for Services (\$1.1 million, due to higher than expected property transfer taxes, building permits, and rent receipts), Intergovernmental Revenues (\$1.3 million, from additional state grants and reimbursements), and Other Revenues (\$1.1 million, mostly from a refund of workers' compensation premium overpayments). Actual expenditures were less than budgeted expenditures by almost \$2.5 million, mostly due to health insurance claims coming in at 8% (\$776,453) lower than anticipated, plus slightly lower than anticipated operating costs in all County departments.

**Capital Asset and Debt Administration**

**Capital Assets**

Capital assets include County owned land, land improvements, buildings, furniture and equipment, vehicles, water and sewer mains, and infrastructure. Butler County's total investment in capital assets for governmental and business-type activities (net of accumulated depreciation) amounts to \$600 million as of December 31, 2002, an increase of 4% over the previous year. Table 5 contains a summary of capital assets as of December 31, 2002, compared to assets owned by the County at year-end 2001.

|                                    | Governmental Activities |                      | Business-type Activities |                      | Total                 |                       |
|------------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                                    | 2002                    | 2001                 | 2002                     | 2001                 | 2002                  | 2001                  |
| Land                               | \$6,524,883             | \$5,869,736          | \$983,360                | \$911,360            | \$7,508,243           | \$ 6,781,096          |
| Land Improvements                  | 5,860,331               | 5,950,127            | 995,290                  | 1,062,295            | 6,855,621             | 7,012,422             |
| Buildings and Improvements         | 97,969,924              | 65,771,803           | 36,343,895               | 37,910,073           | 134,313,819           | 103,681,876           |
| Furniture, Fixtures and Equipments | 18,499,471              | 7,022,548            | 15,260,941               | 16,477,442           | 33,760,412            | 23,499,990            |
| Vehicles                           | 2,585,530               | 2,618,427            | 293,982                  | 188,054              | 2,879,512             | 2,806,481             |
| Infrastructure                     | 232,117,086             | 229,410,985          | -                        | -                    | 232,117,086           | 229,410,985           |
| Water and Sewer Mains              | -                       | -                    | 137,961,558              | 128,633,787          | 137,961,558           | 128,633,787           |
| Construction in Progress           | 1,029,477               | 34,299,860           | 43,538,033               | 42,285,806           | 44,567,510            | 76,585,666            |
| <b>Total</b>                       | <b>\$364,586,702</b>    | <b>\$350,943,486</b> | <b>\$235,377,059</b>     | <b>\$227,468,817</b> | <b>\$ 599,963,761</b> | <b>\$ 578,412,303</b> |

Significant capital asset activity occurring during 2002 included the following:

- Adult detention center construction completed.
- Fiber optic highway construction continued.
- County computer systems were brought into various stages of completion and capitalized, including the County's payroll system, Geographical Information System (GIS), and court computerization projects in the common pleas, domestic relations, and juvenile courts.

Infrastructure Assets. Infrastructure assets refer to County roads, bridges, and culverts, and are reported in the governmental activities. Butler County, through the engineer's office, maintains an Infrastructure Asset System that incorporates the "modified approach" method of reporting infrastructure as provided for in Governmental Accounting Standards Board Statement No. 34. Under the modified approach, the County does not use historical cost-based depreciation as a measure of the cost of use for infrastructure assets. Instead, all expenditures made for infrastructure assets that preserve the useful life of the assets are expensed during the year incurred. Expenditures that increase the capacity or efficiency of the infrastructure assets (additions or improvements) are capitalized. In order to ensure that infrastructure assets are being preserved at, or above, previously established condition levels, the County manages its infrastructure assets by performing periodic conditional assessments. Based on these findings, a budget is prepared for the maintenance and repair of these assets. During 2002, \$9.2 million was budgeted for road, \$3.4 million for bridge, and \$100,000 for culvert improvements.

**Butler County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2002**  
**Unaudited**

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Butler County manages its roadway system through the performance of biennial conditional assessments, using factors such as age of pavement, surface condition, and traffic volume and type. Roads are assigned a pavement rating based on a scale of one to five, with one being excellent and five being poor. It is the County's policy to maintain the County roadway system where at least 80% of the roads have a rating of three or better. A five-year paving plan is developed in order to keep the County's roads at condition levels established per policy. The most recent roadway system assessment indicates that 86% of County roads are currently assessed at a rating of three or better.

The County manages its bridges using a General Appraisal and Operational Status condition coding system as developed by the Federal Highway Administration. The condition of a bridge is rated from zero to nine, with nine being excellent condition, and zero meaning the bridge is in a failed or closed condition. Bridges are inspected on an annual basis as required by Ohio law. It is the policy of the county engineer to maintain the bridges such that 85% of the structures have a General Appraisal rating of five (5 - Fair) or better. Although actual expenses in 2002 to maintain bridges were \$3.4 million less than budgeted, they were still sufficient to maintain the bridges at preferred conditions as the most recent bridge system assessment indicates that 87% of County bridges are currently assessed at a rating of five or better.

The engineer inspects culverts on a biennial basis, and conditional assessments are given based on a rating scale of one to four, with one meaning the culvert is in good condition and does not require repair, while a four rating means the culvert is in critical condition and is no longer functioning as designed. It is the policy of the county engineer to maintain 75% of the culverts in a condition of two (2 - Fair) or better. The most recent culvert system assessment indicates that 79% of the culverts are currently assessed at a rating of two or better.

Additional information regarding capital assets can be found in Note 8 to the financial statements.

**Long-term Debt**

At December 31, 2002, Butler County had a total of \$231.4 million in outstanding long-term debt, an increase of 39% from the previous year. Of this total, \$101.2 million (44%) has helped fund governmental activities and \$130.2 million (57%) has helped fund business-type activities. The County's long-term debt consisted of \$110.6 million in general obligation bonds or notes, including the \$35.5 million water judgement bonds, which are backed by the full faith and credit of Butler County, and \$13.5 million in special assessment bonds, for which Butler County is liable in case of default of the property owners subject to the assessment. Additionally, an Ohio Public Works Commission loan balance in the amount of \$1.1 million remains outstanding at year-end. This loan is also backed by the full faith and credit of Butler County. The remaining \$119.7 million of debt represent bonds secured by specified revenue sources, including water and sewer revenues and sales tax revenues.

While there was no new long-term revenue bond financing activity during 2002, there were three new issuances of general obligation long-term debt. In addition to the issuance of \$2,745,000 to help finance the construction of the fiber optic highway, general obligation bonds totaling \$29,875,000 were issued to finance the construction of the new adult detention facility, and another \$35.5 million in judgement bonds were issued pursuant to an agreement with the city of Hamilton to end the water contract litigation and form a new water agreement.

The above new issuances, along with the 2002 reductions from maturing bond principal retirements, resulted in a net increase of \$31.9 million (48%) in long-term debt associated with governmental activities, and a \$31.2 million (32%) increase in long-term debt associated with business-type activities.

Ohio law, through its direct and indirect debt limitations, restricts the amount of debt the County may issue. The County's total direct debt limit at December 31, 2002 was \$118,788,834 and the unvoted direct debt limit was \$28,055,863, representing a decrease from the previous year by 5% and 21%, respectively.

**Butler County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2002**  
**Unaudited**

**Table 6**  
**Butler County Outstanding Long-Term Debt**

|  | Governmental Activities |                      | Business-type Activities |                      | Total                 |                       |
|--|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|  | 2002                    | 2001                 | 2002                     | 2001                 | 2002                  | 2001                  |
| General Obligation Bonds                             | \$ 49,173,461           | \$ 15,060,000        | \$ 918,368               | \$ 1,144,966         | \$ 50,091,829         | \$ 16,204,966         |
| Sales Tax Bonds                                      | 25,925,000              | 26,915,000           | -                        | -                    | 25,925,000            | 26,915,000            |
| Special Assessment debt with governmental commitment | 13,511,000              | 14,294,000           | -                        | -                    | 13,511,000            | 14,294,000            |
| Ohio Public Works Commission Loan                    | 1,103,476               | 1,180,460            | -                        | -                    | 1,103,476             | 1,180,460             |
| Long-term Notes                                      | 11,465,000              | 9,650,000            | -                        | -                    | 11,465,000            | 9,650,000             |
| Revenue Bonds  | -                       | -                    | 93,773,315               | 97,841,632           | 93,773,315            | 97,841,632            |
| Water Judgement Bonds                                | -                       | -                    | 35,552,419               | -                    | 35,552,419            | -                     |
| <b>Total</b>   | <b>\$ 101,177,937</b>   | <b>\$ 67,099,460</b> | <b>\$ 130,244,102</b>    | <b>\$ 98,986,598</b> | <b>\$ 231,422,039</b> | <b>\$ 166,086,058</b> |

Ohio's indirect debt limitation, referred to as the ten-mill limitation, further limits the total unvoted general obligation debt that may be issued among overlapping subdivisions to a maximum of 10 mills per dollar of assessed valuation. Since the 10 mills must be shared by the overlapping subdivisions, and is available on a first-come, first-served basis, the level of debt issued by any overlapping political subdivision thus affects the County's ability to issue unvoted general obligation debt. For example, depending on how much room is available under the 10-mill limitation, a relatively small debt issuance by an overlapping subdivision with a low assessed valuation could significantly hinder the County's ability to issue unvoted general obligation debt. Currently, the city of Oxford, with just 2.38 mills available under the 10-mill limitation, poses the greatest risk in limiting the County's ability to issue unvoted general obligation debt. A debt issuance of just \$4.9 million by Oxford would temporarily lock out the County from issuing any additional unvoted general obligation debt. This limitation would continue until unvoted general obligation debt was retired by either subdivision, or until the total assessed value of the city or the County increased, which occurs around December of each year. The County and city of Oxford have discussed the ramifications of future debt issuances, and management continues to monitor the debt activity of all overlapping subdivisions for the potential affect on future financings.

Butler County's general obligation bond issues are currently rated Aa3 by Moody's Investors Services, a rating the County has maintained since being upgraded from A1 in 1998. The water district and sewer district currently maintain credit ratings from Moody's of A2 and A3, respectively, based on separate revenue bond issuances in 1999.

Besides the long-term bonds and notes outstanding, the County also is liable for other long-term obligations in the form of capital leases payable, contractually required pension contributions and compensated absences payable, all of which totaled \$6.1 million dollars at year-end, \$5.6 million associated with governmental activities and \$.5 million associated with business-type activities. Additional information about the County's long-term obligations can be found in Note 15 to the financial statements.

#### **Economic and Other Potentially Significant Matters**

As mentioned earlier, an economic downturn can severely impact a government's delivery of services to its residents. A significant factor to consider during time of economic challenges is that Butler County's revenue base depicts a consistent history of growth. The County enjoys an easy and available access to debt markets. Strong development and economic growth within the County continues to provide a buffer against slowing of business conditions and result in increases in tax revenues during 2002, 2003 and beyond. The development of several new retail centers around the Michael Fox Highway, Interstate 75 and West Chester Township confirm and reinforce this trend. In addition the development of a fiber optic highway within the County will serve as a catalyst to spawn high-tech business in the County.

Additionally, a major concern of many governments in the United States is the impact of declining interest rates on investment earnings. While impacted by declining investment income, the Butler County Investment Committee, made up of the treasurer, board of county commissioners, and an appointed investment advisor have developed strategies that outperform current market conditions. As of December 31, 2002, the investment portfolio of the County includes a yield to maturity (YTM) ratio of 3.9%, which is favorable to the treasury yield curve of the same date which reports yields from 1.1% for three months Treasuries to 2.7% for five-year Treasuries. The portfolio's YTM, while strong, still maintains adequate liquidity to meet County's operating needs.

**Butler County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2002**  
**Unaudited**

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**Requests for Information**

The Management's Discussion and Analysis is intended to provide a general overview of Butler County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Butler County Auditor, 130 High Street, Hamilton, Ohio, 45011.

Butler County, Ohio  
Statement of Net Assets  
December 31, 2002

|   | Primary Government         |                             |                       | Component Unit                   |
|---|----------------------------|-----------------------------|-----------------------|----------------------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                 | Miami Valley<br>Industries, Inc. |
| <b>Assets</b>                                   |                            |                             |                       |                                  |
| Equity in Pooled Cash and Cash Equivalents      | \$ 57,366,815              | \$ 26,223,873               | \$ 83,590,688         | \$ -                             |
| Cash and Cash Equivalents                       |                            |                             |                       |                                  |
| In Segregated Accounts                          | 339,265                    | -                           | 339,265               | 137,580                          |
| Accounts Receivable                             | 466,715                    | 3,166,695                   | 3,633,410             | 192,186                          |
| Due from Other Governments                      | 54,295,469                 | 118,877                     | 54,414,346            | -                                |
| Accrued Interest Receivable                     | 683,207                    | -                           | 683,207               | -                                |
| Cash and Cash Equivalents With Fiscal Agents    | 243,264                    | 580,311                     | 823,575               | -                                |
| Investments in Segregated Accounts              | -                          | -                           | -                     | 244,262                          |
| Prepaid Items                                   | 825,601                    | 12,267                      | 837,868               | 8,946                            |
| Internal Balances                               | 49,403                     | (49,403)                    | -                     | -                                |
| Materials and Supplies Inventory                | 390,803                    | 92,655                      | 483,458               | -                                |
| Taxes Receivable                                | 40,473,751                 | -                           | 40,473,751            | -                                |
| Loans Receivable                                | 708,413                    | -                           | 708,413               | 2,206                            |
| Special Assessments Receivable                  | 12,507,051                 | -                           | 12,507,051            | -                                |
| Deferred Charges                                | -                          | 3,824,453                   | 3,824,453             | -                                |
| Deferred Charges for Water Rate Stabilization   | -                          | 34,810,695                  | 34,810,695            | -                                |
| Cash and Cash Equivalents with Fiscal Agents    | 2,691,699                  | 17,618,800                  | 20,310,499            | -                                |
| Nondepreciable Capital Assets                   | 239,671,446                | 44,521,393                  | 284,192,839           | -                                |
| Depreciable Capital Assets, net                 | 124,915,256                | 190,855,666                 | 315,770,922           | 925,555                          |
| <b>Total Assets</b>                             | <b>535,628,158</b>         | <b>321,776,282</b>          | <b>857,404,440</b>    | <b>1,510,735</b>                 |
| <b>Liabilities</b>                              |                            |                             |                       |                                  |
| Accounts Payable                                | 2,566,049                  | 425,619                     | 2,991,668             | 18,405                           |
| Contracts Payable                               | 5,831,347                  | 861,154                     | 6,692,501             | -                                |
| Accrued Wages and Benefits                      | 6,131,924                  | 633,264                     | 6,765,188             | 59,580                           |
| Due to Other Governments                        | 485,410                    | 638,168                     | 1,123,578             | -                                |
| Matured Compensated Absences Payable            | 7,141                      | -                           | 7,141                 | -                                |
| Deferred Revenue                                | 39,307,688                 | -                           | 39,307,688            | 298,846                          |
| Matured Bonds Payable                           | 7,000                      | -                           | 7,000                 | -                                |
| Matured Interest Payable                        | 5,543                      | -                           | 5,543                 | -                                |
| Accrued Interest Payable                        | 688,888                    | 630,098                     | 1,318,986             | -                                |
| Notes Payable                                   | 23,085,000                 | 1,945,000                   | 25,030,000            | 453,300                          |
| Claims Payable                                  | 2,756,286                  | -                           | 2,756,286             | -                                |
| Retainage Payable                               | -                          | 203,659                     | 203,659               | -                                |
| Refundable Deposits                             | -                          | 85,170                      | 85,170                | -                                |
| Long-Term Liabilities:                          |                            |                             |                       |                                  |
| Due Within One Year                             | 16,801,797                 | 4,743,919                   | 21,545,716            | -                                |
| Due In More Than One Year                       | 89,935,600                 | 126,041,392                 | 215,976,992           | -                                |
| <b>Total Liabilities</b>                        | <b>187,609,673</b>         | <b>136,207,443</b>          | <b>323,817,116</b>    | <b>830,131</b>                   |
| <b>Net Assets</b>                               |                            |                             |                       |                                  |
| Invested in Capital Assets, Net of Related Debt | 271,096,789                | 142,564,982                 | 413,661,771           | 472,255                          |
| Restricted for:                                 |                            |                             |                       |                                  |
| Capital Projects                                | 302,669                    | -                           | 302,669               | -                                |
| Debt Service                                    | 8,984,295                  | 8,951,296                   | 17,935,591            | -                                |
| Replacement and Improvement                     | -                          | 8,064,434                   | 8,064,434             | -                                |
| Other Purposes                                  | 61,150,784                 | -                           | 61,150,784            | -                                |
| Unrestricted                                    | 6,483,948                  | 25,988,127                  | 32,472,075            | 208,349                          |
| <b>Total Net Assets</b>                         | <b>\$ 348,018,485</b>      | <b>\$ 185,568,839</b>       | <b>\$ 533,587,324</b> | <b>\$ 680,604</b>                |

See accompanying notes to the basic financial statements

Butler County, Ohio  
Statement of Activities  
For the Year Ended December 31, 2002

|                                       | Program Revenues      |   |   |
|---------------------------------------|-----------------------|---|---|
|                                       | Expenses              | Charges for Services  | Operating Grants, Contributions, and Interest |
| <b>Governmental Activities</b>        |                       |   |   |
| <b>General Government:</b>            |                       |   |   |
| Legislative and Executive             | \$ 24,241,162         | \$ 16,942,229   | \$ 1,226,721                                  |
| Judicial                              | 12,735,544            | 5,220,484   | 48,770  |
| Public Safety                         | 34,599,025            | 1,436,746   | 6,136,704                                     |
| Public Works                          | 15,657,130            | 1,131,460   | 2,305,868                                     |
| Health                                | 47,395,622            | 897,530   | 30,257,939                                    |
| Human Services                        | 69,442,215            | 1,911,831   | 43,898,602                                    |
| Conservation and Recreation           | 520,722               | -   | -   |
| Interest and Fiscal Charges           | 4,905,164             | -   | -   |
| <b>Total Governmental Activities</b>  | <b>209,496,584</b>    | <b>27,540,280</b>   | <b>83,874,604</b>                             |
| <b>Business-Type Activities</b>       |                       |   |   |
| Sewer                                 | 20,016,850            | 16,527,843  | -   |
| Water                                 | 22,896,846            | 20,166,493  | -   |
| GSC Parking Garage                    | 83,212                | 131,445   | -   |
| <b>Total Business-Type Activities</b> | <b>42,996,908</b>     | <b>36,825,781</b>   | <b>-</b>                                      |
| <b>Total Primary Government</b>       | <b>\$ 252,493,492</b> | <b>\$ 64,366,061</b>  | <b>\$ 83,874,604</b>                          |
| <b>Component Unit</b>                 |                       |   |   |
| Miami Valley Industries, Inc.         | \$ 2,053,331          | \$ 2,013,201  | \$ -  |
|                                       |                       | <b>General Revenues</b><br>Property Taxes Levied for:<br>General Purposes<br>Mental Retardation<br>Children Services Board<br>Mental Health<br>Elderly Services Levy<br>Sales Tax<br>Grants and Entitlements not Restricted to Specific Program<br>Interest<br>Net Decrease in Fair Value of Investments<br>Other<br>Transfers<br><br><b>Total General Revenues and Transfers</b><br><br>Change in Net Assets<br><br>Net Assets Beginning of Year -<br>See Note 3<br><br>Net Assets End of Year |   |

See accompanying notes to the basic financial statements



| Capital Grants,<br>Contributions,<br>and Interest | Net (Expense) Revenue and Changes in Net Assets |                             |                     |                                     |
|---|---|-----------------------------|---------------------|-------------------------------------|
|   | Primary Government                              |                             |                     | Component Unit                      |
|   | Governmental<br>Activities                      | Business-Type<br>Activities | Total               | Miami<br>Valley<br>Industries, Inc. |
| \$ 34,813   | \$ (6,037,399)                                  | \$ -                        | \$ (6,037,399)      | \$ -                                |
| 5,757   | (7,460,533)                                     | -                           | (7,460,533)         | -                                   |
| 6,158,459   | (20,867,116)                                    | -                           | (20,867,116)        | -                                   |
| 17,880,521  | 5,660,719                                       | -                           | 5,660,719           | -                                   |
| -   | (16,240,153)                                    | -                           | (16,240,153)        | -                                   |
| -   | (23,631,782)                                    | -                           | (23,631,782)        | -                                   |
| -   | (520,722)                                       | -                           | (520,722)           | -                                   |
| -   | (4,905,164)                                     | -                           | (4,905,164)         | -                                   |
| <u>24,079,550</u>                                 | <u>(74,002,150)</u>                             | <u>-</u>                    | <u>(74,002,150)</u> | <u>-</u>                            |
| 12,313,679  | -   | 8,824,672                   | 8,824,672           | -                                   |
| 7,014,947   | -   | 4,284,594                   | 4,284,594           | -                                   |
| -   | -   | 48,233                      | 48,233              | -                                   |
| <u>19,328,626</u>                                 | <u>-</u>  | <u>13,157,499</u>           | <u>13,157,499</u>   | <u>-</u>                            |
| <u>\$ 43,408,176</u>                              | <u>(74,002,150)</u>                             | <u>13,157,499</u>           | <u>(60,844,651)</u> | <u>-</u>                            |
| <u>\$ -</u>                                       | <u>-</u>  | <u>-</u>                    | <u>-</u>            | <u>(40,130)</u>                     |
|   | 9,571,297                                       | -                           | 9,571,297           | -                                   |
|   | 14,232,049                                      | -                           | 14,232,049          | -                                   |
|   | 7,804,510                                       | -                           | 7,804,510           | -                                   |
|   | 1,869,810                                       | -                           | 1,869,810           | -                                   |
|   | 7,259,359                                       | -                           | 7,259,359           | -                                   |
|   | 16,642,460                                      | -                           | 16,642,460          | -                                   |
|   | 10,072,833                                      | -                           | 10,072,833          | -                                   |
|   | 4,726,714                                       | 112,115                     | 4,838,829           | 2,516                               |
|   | (241,646)                                       | -                           | (241,646)           | (37,162)                            |
|   | 1,061,413                                       | 1,678,347                   | 2,739,760           | -                                   |
|   | (380,965)                                       | 380,965                     | -                   | -                                   |
|   | <u>72,617,834</u>                               | <u>2,171,427</u>            | <u>74,789,261</u>   | <u>(34,646)</u>                     |
|   | (1,384,316)                                     | 15,328,926                  | 13,944,610          | (74,776)                            |
|   | <u>349,402,801</u>                              | <u>170,239,913</u>          | <u>519,642,714</u>  | <u>755,380</u>                      |
| <u>\$ 348,018,485</u>                             | <u>\$ 185,568,839</u>                           | <u>\$533,587,324</u>        | <u>\$ 680,604</u>   |                                     |

Butler County, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2002

|  | General              | Mental Retardation   | Job and Family Services | Children Services Board |
|--|----------------------|----------------------|-------------------------|-------------------------|
| <b>Assets</b>                                |                      |                      |                         |                         |
| Equity in Pooled Cash and Cash Equivalents   | \$ 12,226,807        | \$ 8,865,872         | \$ 3,372,496            | \$ 2,037,783            |
| <b>Cash and Cash Equivalents:</b>            |                      |                      |                         |                         |
| In Segregated Accounts                       | 148,730              | -                    | -                       | -                       |
| With Fiscal Agents                           | 2,691,699            | -                    | -                       | -                       |
| <b>Receivables:</b>                          |                      |                      |                         |                         |
| Taxes  | 11,071,179           | 13,344,932           | -                       | 7,337,549               |
| Accounts                                     | 46,152               | 4,438                | -                       | -                       |
| Due From Other Governments                   | 6,732,404            | 1,079,468            | 14,246,923              | 2,260,125               |
| Accrued Interest                             | 683,181              | -                    | -                       | -                       |
| Special Assessments                          | -                    | -                    | -                       | -                       |
| Due from Other Funds                         | 656,418              | -                    | -                       | 310,976                 |
| Prepaid Items                                | 309,281              | 110,810              | 30,522                  | 57,812                  |
| Materials and Supplies Inventory             | 70,000               | 17,548               | 7,700                   | 7,700                   |
| Advances to Other Funds                      | 890,077              | -                    | -                       | -                       |
| Loans Receivable                             | 115,000              | -                    | -                       | -                       |
| <b>Total Assets</b>                          | <b>\$ 35,640,928</b> | <b>\$ 23,423,068</b> | <b>\$ 17,657,641</b>    | <b>\$ 12,011,945</b>    |
| <b>Liabilities and Fund Balances</b>         |                      |                      |                         |                         |
| <b>Liabilities</b>                           |                      |                      |                         |                         |
| Accounts Payable                             | \$ 478,031           | \$ 80,449            | \$ 550,023              | \$ 934,527              |
| Contracts Payable                            | 1,431,462            | 547,662              | 680,482                 | 80,300                  |
| Accrued Wages and Benefits                   | 1,349,939            | 597,558              | 303,327                 | 276,777                 |
| Matured Compensated Absences Payable         | 5,493                | 263                  | 467                     | -                       |
| Due to Other Funds                           | 383,511              | 169,279              | 398,508                 | 287,574                 |
| Due to Other Governments                     | 170,861              | 5,588                | 5,765                   | 4,144                   |
| Deferred Revenue                             | 16,117,150           | 14,177,808           | 12,224,737              | 8,804,767               |
| Advances from Other Funds                    | -                    | -                    | -                       | -                       |
| Matured Bonds Payable                        | -                    | -                    | -                       | -                       |
| Matured Interest Payable                     | -                    | -                    | -                       | -                       |
| Accrued Interest Payable                     | 1,932                | -                    | -                       | -                       |
| Notes Payable                                | 380,000              | -                    | -                       | -                       |
| <b>Total Liabilities</b>                     | <b>20,318,379</b>    | <b>15,578,607</b>    | <b>14,163,309</b>       | <b>10,388,089</b>       |
| <b>Fund Balances</b>                         |                      |                      |                         |                         |
| Reserved for Encumbrances                    | 242,417              | 1,479,969            | 840,502                 | 838,017                 |
| Reserved for Loans                           | 115,000              | -                    | -                       | -                       |
| Reserved for Material and Supplies Inventory | 70,000               | 17,548               | 7,700                   | 7,700                   |
| Reserved for Debt Service Principal          | 2,691,699            | -                    | -                       | -                       |
| Reserved for Advances                        | 890,077              | -                    | -                       | -                       |
| <b>Unreserved:</b>                           |                      |                      |                         |                         |
| Undesignated, Reported in:                   |                      |                      |                         |                         |
| General Fund                                 | 11,313,356           | -                    | -                       | -                       |
| Special Revenue Funds                        | -                    | 6,346,944            | 2,646,130               | 778,139                 |
| Debt Service Fund                            | -                    | -                    | -                       | -                       |
| Capital Projects Funds                       | -                    | -                    | -                       | -                       |
| <b>Total Fund Balances</b>                   | <b>15,322,549</b>    | <b>7,844,461</b>     | <b>3,494,332</b>        | <b>1,623,856</b>        |
| <b>Total Liabilities and Fund Balances</b>   | <b>\$ 35,640,928</b> | <b>\$ 23,423,068</b> | <b>\$ 17,657,641</b>    | <b>\$ 12,011,945</b>    |

See accompanying notes to the basic financial statements

| Bond Retirement      | Buildings Construction and Renovations | Other Governmental Funds | Total Governmental Funds |
|----------------------|--|--------------------------|--------------------------|
| \$ 791,456           | \$ 2,129,862                           | \$ 24,932,993            | \$ 54,357,269            |
| -                    | -                                      | 190,535                  | 339,265                  |
| -                    | -                                      | -                        | 2,691,699                |
| -                    | -                                      | 8,720,091                | 40,473,751               |
| -                    | -                                      | 398,821                  | 449,411                  |
| -                    | -                                      | 29,976,549               | 54,295,469               |
| -                    | 26                                     | -                        | 683,207                  |
| 12,156,177           | -                                      | 350,874                  | 12,507,051               |
| -                    | -                                      | 467,760                  | 1,435,154                |
| -                    | -                                      | 256,984                  | 765,409                  |
| -                    | -                                      | 287,855                  | 390,803                  |
| -                    | -                                      | -                        | 890,077                  |
| -                    | -                                      | 593,413                  | 708,413                  |
| <u>\$ 12,947,633</u> | <u>\$ 2,129,888</u>                    | <u>\$ 66,175,875</u>     | <u>\$ 169,986,978</u>    |

|                   |                  |                   |                    |
|-------------------|------------------|-------------------|--------------------|
| \$ -              | \$ 10,954        | \$ 511,680        | \$ 2,565,664       |
| -                 | 391,427          | 2,700,014         | 5,831,347          |
| -                 | -                | 841,241           | 3,368,842          |
| -                 | -                | 918               | 7,141              |
| -                 | -                | 959,592           | 2,198,464          |
| -                 | -                | 19,481            | 205,839            |
| 12,156,177        | -                | 24,801,038        | 88,281,677         |
| 77,460            | 25,000           | 787,617           | 890,077            |
| 7,000             | -                | -                 | 7,000              |
| 5,543             | -                | -                 | 5,543              |
| -                 | 128,937          | 193,522           | 324,391            |
| -                 | 3,200,000        | 19,505,000        | 23,085,000         |
| <u>12,246,180</u> | <u>3,756,318</u> | <u>50,320,103</u> | <u>126,770,985</u> |

|   |         |           |           |
|---|---------|-----------|-----------|
| - | 531,226 | 2,908,577 | 6,840,708 |
| - | -       | 593,413   | 708,413   |
| - | -       | 287,855   | 390,803   |
| - | -       | -         | 2,691,699 |
| - | -       | -         | 890,077   |

|         |             |             |             |
|---------|-------------|-------------|-------------|
| -       | -           | -           | 11,313,356  |
| -       | -           | 17,313,603  | 27,084,816  |
| 701,453 | -           | -           | 701,453     |
| -       | (2,157,656) | (5,247,676) | (7,405,332) |

|                      |                     |                      |                       |
|----------------------|---------------------|----------------------|-----------------------|
| <u>701,453</u>       | <u>(1,626,430)</u>  | <u>15,855,772</u>    | <u>43,215,993</u>     |
| <u>\$ 12,947,633</u> | <u>\$ 2,129,888</u> | <u>\$ 66,175,875</u> | <u>\$ 169,986,978</u> |

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Butler County, Ohio  
 Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2002

Total Governmental Fund Balances \$ 43,215,993

Amounts reported for 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. These assets consist of:

|                          |                     |             |
|--------------------------|---------------------|-------------|
| Land                     | 6,524,883           |             |
| Infrastructure           | 232,117,086         |             |
| Construction in progress | 1,029,477           |             |
| Other capital assets     | 158,667,852         |             |
| Accumulated depreciation | <u>(33,752,596)</u> |             |
| Total capital assets     |                     | 364,586,702 |

An internal service fund is used by management to charge the costs of  
 insurance to individual funds. The assets and liabilities of the internal  
 service fund are included in governmental activities in the statement of  
 net assets. 1,070,748

Some of the County's revenues will be collected after year end,  
 but are not available soon enough to pay for the current period's expenditures  
 and therefore are deferred in the funds:

|                            |                |            |
|----------------------------|----------------|------------|
| Property Taxes             | 1,710,505      |            |
| Special Assessments        | 12,507,051     |            |
| Due From Other Governments | 34,328,128     |            |
| Accounts Receivable        | <u>428,305</u> |            |
|                            |                | 48,973,989 |

Accrued Wages and Benefits includes contractually required pension contributions  
 which are not expected to be paid with expendable available financial  
 resources and therefore are not reported in the funds. (2,743,397)

Long-term liabilities are not due and payable in the current period and therefore  
 are not reported in the funds. Those liabilities consist of:

|                           |                    |                      |
|---------------------------|--------------------|----------------------|
| Accrued interest on bonds | (364,497)          |                      |
| Premium/Discount on bonds | (2,163,461)        |                      |
| Capital leases            | (85,516)           |                      |
| Notes                     | (11,465,000)       |                      |
| Bonds                     | (86,446,000)       |                      |
| Loans                     | (1,103,476)        |                      |
| Compensated absences      | <u>(5,457,600)</u> |                      |
| Total liabilities         |                    | <u>(107,085,550)</u> |

Net Assets of Governmental Activities \$ 348,018,485

See accompanying notes to the basic financial statements

Butler County, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2002

|  | General              | Mental<br>Retardation | Job and Family<br>Services | Children<br>Services Board |
|--|----------------------|-----------------------|----------------------------|----------------------------|
| <b>Revenues</b>  |                      |                       |                            |                            |
| Taxes  | \$ 25,897,508        | \$ 13,954,379         | \$ -                       | \$ 7,678,294               |
| Charges for Services   | 13,161,903           | 469,389               | -                          | -                          |
| Licenses and Permits   | 20,665               | -                     | -                          | -                          |
| Fines and Forfeitures  | 1,106,088            | -                     | -                          | -                          |
| Intergovernmental  | 10,163,295           | 10,263,251            | 24,495,365                 | 10,381,464                 |
| Special Assessments  | -                    | -                     | -                          | -                          |
| Interest   | 4,684,763            | -                     | -                          | -                          |
| Net Increase (Decrease) in Fair Value of Inve                            | (257,478)            | -                     | -                          | -                          |
| Other  | 1,306,340            | 320,792               | 214,936                    | 161,389                    |
| <b>Total Revenues</b>  | <b>56,083,084</b>    | <b>25,007,811</b>     | <b>24,710,301</b>          | <b>18,221,147</b>          |
| <b>Expenditures</b>  |                      |                       |                            |                            |
| <b>Current:</b>  |                      |                       |                            |                            |
| <b>General Government</b>  |                      |                       |                            |                            |
| Legislative and Executive  | 16,415,210           | -                     | -                          | -                          |
| Judicial   | 10,999,926           | -                     | -                          | -                          |
| Public Safety  | 23,595,889           | -                     | -                          | -                          |
| Public Works   | 699,836              | -                     | -                          | -                          |
| Health   | 405,580              | 25,031,546            | -                          | -                          |
| Human Services   | 735,596              | -                     | 25,208,919                 | 22,895,940                 |
| Conservation and Recreation  | 520,722              | -                     | -                          | -                          |
| Capital Outlay   | -                    | -                     | -                          | -                          |
| <b>Debt Service:</b>   |                      |                       |                            |                            |
| Principal Retirement   | 990,000              | 25,047                | -                          | -                          |
| Interest and Fiscal Charges  | 1,313,932            | 1,633                 | -                          | -                          |
| <b>Total Expenditures</b>  | <b>55,676,691</b>    | <b>25,058,226</b>     | <b>25,208,919</b>          | <b>22,895,940</b>          |
| <b>Excess of Revenues Over (Under) Expenditur</b>                        | <b>406,393</b>       | <b>(50,415)</b>       | <b>(498,618)</b>           | <b>(4,674,793)</b>         |
| <b>Other Financing Sources (Uses)</b>                                    |                      |                       |                            |                            |
| GO Bonds Issued  | -                    | -                     | -                          | -                          |
| Premium from Bonds Issued  | -                    | -                     | -                          | -                          |
| Notes Issued   | -                    | -                     | -                          | -                          |
| Inception of Capital Lease   | -                    | -                     | -                          | -                          |
| Transfers - In   | 55,080               | -                     | 1,159,257                  | -                          |
| Transfers - Out  | (3,679,388)          | -                     | -                          | -                          |
| <b>Total Other Financing Sources (Uses)</b>                              | <b>(3,624,308)</b>   | <b>-</b>              | <b>1,159,257</b>           | <b>-</b>                   |
| <b>Net Change in Fund Balance</b>  | <b>(3,217,915)</b>   | <b>(50,415)</b>       | <b>660,639</b>             | <b>(4,674,793)</b>         |
| <b>Fund Balances (Deficit) Beginning<br/>of Year - (Restated Note 3)</b> | <b>18,540,464</b>    | <b>7,900,466</b>      | <b>2,833,693</b>           | <b>6,298,649</b>           |
| <b>Decrease in Reserve for Inventory</b>                                 | <b>-</b>             | <b>(5,590)</b>        | <b>-</b>                   | <b>-</b>                   |
| <b>Fund Balances (Deficit) End of Year</b>                               | <b>\$ 15,322,549</b> | <b>\$ 7,844,461</b>   | <b>\$ 3,494,332</b>        | <b>\$ 1,623,856</b>        |

See accompanying notes to the basic financial statements

|  | Bond Retirement    | Buildings Construction and Renovations | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|--|--------------------------|--------------------------|
|  | \$ -               | \$ -                                   | \$ 9,105,452             | \$ 56,635,633            |
|  | -                  | -                                      | 10,419,946               | 24,051,238               |
|  | -                  | -                                      | 335,414                  | 356,079                  |
|  | -                  | -                                      | 390,554                  | 1,496,642                |
|  | -                  | 5,897,370                              | 55,196,676               | 116,397,421              |
|  | 1,604,625          | -                                      | 331,142                  | 1,935,767                |
|  | 22,840             | 195,314                                | 248,065                  | 5,150,982                |
|  | -                  | 15,832                                 | -                        | (241,646)                |
|  | -                  | -                                      | 1,344,246                | 3,347,703                |
|  | <u>1,627,465</u>   | <u>6,108,516</u>                       | <u>77,371,495</u>        | <u>209,129,819</u>       |
|  | -                  | -                                      | 6,000,849                | 22,416,059               |
|  | -                  | -                                      | 973,951                  | 11,973,877               |
|  | -                  | 324,894                                | 8,117,386                | 32,038,169               |
|  | -                  | 1,500,000                              | 15,295,857               | 17,495,693               |
|  | -                  | -                                      | 21,578,975               | 47,016,101               |
|  | -                  | -                                      | 21,326,608               | 70,167,063               |
|  | -                  | -                                      | -                        | 520,722                  |
|  | -                  | 10,363,770                             | 6,838,246                | 17,202,016               |
|  | 1,453,000          | 3,650,000                              | 6,078,683                | 12,196,730               |
|  | 1,602,493          | 1,284,987                              | 573,056                  | 4,776,101                |
|  | <u>3,055,493</u>   | <u>17,123,651</u>                      | <u>86,783,611</u>        | <u>235,802,531</u>       |
|  | <u>(1,428,028)</u> | <u>(11,015,135)</u>                    | <u>(9,412,116)</u>       | <u>(26,672,712)</u>      |
|  | -                  | 29,875,000                             | 2,745,000                | 32,620,000               |
|  | -                  | 1,980,937                              | 182,524                  | 2,163,461                |
|  | -                  | 3,790,000                              | 7,675,000                | 11,465,000               |
|  | -                  | -                                      | 87,215                   | 87,215                   |
|  | 2,642,990          | 1,326,104                              | 1,138,915                | 6,322,346                |
|  | <u>(1,444,254)</u> | <u>(731,520)</u>                       | <u>(848,149)</u>         | <u>(6,703,311)</u>       |
|  | <u>1,198,736</u>   | <u>36,240,521</u>                      | <u>10,980,505</u>        | <u>45,954,711</u>        |
|  | <u>(229,292)</u>   | <u>25,225,386</u>                      | <u>1,568,389</u>         | <u>19,281,999</u>        |
|  | 930,745            | (26,851,816)                           | 14,311,521               | 23,963,722               |
|  | -                  | -                                      | (24,138)                 | (29,728)                 |
|  | <u>\$ 701,453</u>  | <u>\$ (1,626,430)</u>                  | <u>\$ 15,855,772</u>     | <u>\$ 43,215,993</u>     |

Butler County, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended December 31, 2002

Net Change in Fund Balances - Total Governmental Funds \$ 19,281,999

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

Capital outlays are reported as expenditures in governmental funds.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

|                           |                    |            |
|---------------------------|--------------------|------------|
| Capital Asset Additions   | 19,991,826         |            |
| Current Year Depreciation | <u>(6,147,394)</u> | 13,844,432 |

When capital assets are disposed of, the cost of the capital assets is removed from the capital asset account in the statement of net assets resulting in a loss on sale of Capital assets in the statement of activities.

|                                    |           |
|------------------------------------|-----------|
| Loss on Disposal of Capital Assets | (201,216) |
|------------------------------------|-----------|

Because some revenues will not be collected for several months after the County's year end, they are not considered "available" revenues and are deferred in the governmental funds.

|                            |                |           |
|----------------------------|----------------|-----------|
| Property Taxes             | 743,852        |           |
| Due From Other Governments | 3,073,285      |           |
| Special Assessments        | (1,588,899)    |           |
| Accounts Receivable        | <u>409,758</u> | 2,637,996 |

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

|   |               |            |
|---|---------------|------------|
| Bond principal retirement               | 1,660,000     |            |
| Special assessment principal retirement | 783,000       |            |
| Note principal retirement               | 9,650,000     |            |
| Loan principal retirement               | 76,984        |            |
| Capital lease payments                  | <u>26,746</u> | 12,196,730 |

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. (129,063)

Bond Proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.

|   |              |
|---|--------------|
| Bond Proceeds, Note Proceeds, Capital Lease Inception | (44,172,215) |
| Bond Premiums/Discounts on Issue                      | (2,163,461)  |

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

|                               |                 |           |
|-------------------------------|-----------------|-----------|
| Compensated Absences          | (467,154)       |           |
| Accrued Pension Contributions | (186,683)       |           |
| Change in Inventory           | <u>(29,728)</u> | (683,565) |

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities.

The net revenue of the internal service fund is reported with governmental activities. (1,995,953)

Change in Net Assets of Governmental Activities \$ (1,384,316)

See accompanying notes to the basic financial statements



## Butler County, Ohio

Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 General Fund  
 For the Year Ended December 31, 2002

|   | Original<br>Budget   | Final<br>Budget     | Actual              | Variance<br>Positive<br>(Negative) |
|---|----------------------|---------------------|---------------------|------------------------------------|
| <b>Revenues:</b>  |                      |                     |                     |                                    |
| Taxes   | \$ 27,103,500        | \$ 27,103,500       | \$ 27,220,694       | \$ 117,194                         |
| Charges for Services                                    | 28,607,893           | 21,108,100          | 22,234,032          | 1,125,932                          |
| Licenses and Permits                                    | 23,130               | 20,130              | 20,665              | 535                                |
| Fines and Forfeitures                                   | 989,500              | 989,500             | 1,122,528           | 133,028                            |
| Intergovernmental                                       | 7,610,000            | 7,330,000           | 8,593,255           | 1,263,255                          |
| Interest  | 4,551,050            | 4,525,050           | 4,725,519           | 200,469                            |
| Other   | 936,010              | 936,010             | 2,080,485           | 1,144,475                          |
| <b>Total Revenues</b>                                   | <b>69,821,083</b>    | <b>62,012,290</b>   | <b>65,997,178</b>   | <b>3,984,888</b>                   |
| <b>Expenditures:</b>                                    |                      |                     |                     |                                    |
| <b>Current:</b>   |                      |                     |                     |                                    |
| <b>General Government:</b>                              |                      |                     |                     |                                    |
| Legislative and Executive                               | 30,799,478           | 30,189,480          | 28,861,384          | 1,328,096                          |
| Judicial  | 11,534,518           | 12,223,062          | 11,923,456          | 299,606                            |
| Public Safety   | 24,990,757           | 24,961,190          | 24,374,646          | 586,544                            |
| Public Works  | 253,888              | 824,988             | 768,229             | 56,759                             |
| Health  | 448,762              | 449,126             | 432,126             | 17,000                             |
| Human Services  | 950,589              | 922,141             | 744,247             | 177,894                            |
| Conservation and Recreation                             | 521,080              | 546,080             | 520,722             | 25,358                             |
| <b>Total Expenditures</b>                               | <b>69,499,072</b>    | <b>70,116,067</b>   | <b>67,624,810</b>   | <b>2,491,257</b>                   |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <b>322,011</b>       | <b>(8,103,777)</b>  | <b>(1,627,632)</b>  | <b>6,476,145</b>                   |
| <b>Other Financing Sources (Uses):</b>                  |                      |                     |                     |                                    |
| Other Financing Sources                                 | 4,035,000            | 4,344,000           | 5,476,264           | 1,132,264                          |
| Advances - In   | -                    | 42,000              | 42,000              | -                                  |
| Advances - Out  | -                    | (206,615)           | (206,615)           | -                                  |
| Operating Transfers - In                                | 100,000              | 58,000              | 57,775              | (225)                              |
| Operating Transfers - Out                               | (4,924,411)          | (5,877,742)         | (5,857,352)         | 20,390                             |
| <b>Total Other Financing Sources Uses</b>               | <b>(789,411)</b>     | <b>(1,640,357)</b>  | <b>(487,928)</b>    | <b>1,152,429</b>                   |
| <b>Net Change in Fund Balance</b>                       | <b>(467,400)</b>     | <b>(9,744,134)</b>  | <b>(2,115,560)</b>  | <b>7,628,574</b>                   |
| <b>Fund Balances at Beginning of Year</b>               | <b>11,125,653</b>    | <b>11,125,653</b>   | <b>11,125,653</b>   | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>             | <b>766,518</b>       | <b>766,518</b>      | <b>766,518</b>      | <b>-</b>                           |
| <b>Fund Balances at End of Year</b>                     | <b>\$ 11,424,771</b> | <b>\$ 2,148,037</b> | <b>\$ 9,776,611</b> | <b>\$ 7,628,574</b>                |

See accompanying notes to the Basic Financial Statements.

## Butler County, Ohio

Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 Mental Retardation Fund  
 For the Year Ended December 31, 2002

|   | Original<br>Budget  | Final<br>Budget     | Actual              | Variance<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|------------------------------------|
| <b>Revenues:</b>  |                     |                     |                     |                                    |
| Taxes   | \$ 15,171,420       | \$ 13,961,420       | \$ 13,954,379       | \$ (7,041)                         |
| Charges for Services                                      | 742,330             | 481,730             | 464,951             | (16,779)                           |
| Licenses and Permits                                      | -                   | -                   | -                   | -                                  |
| Fines and Forfeitures                                     | -                   | -                   | -                   | -                                  |
| Intergovernmental   | 10,180,000          | 10,420,000          | 10,334,812          | (85,188)                           |
| Interest  | -                   | -                   | -                   | -                                  |
| Other   | 474,500             | 140,000             | 338,099             | 198,099                            |
| <b>Total Revenues</b>                                     | <u>26,568,250</u>   | <u>25,003,150</u>   | <u>25,092,241</u>   | <u>89,091</u>                      |
| <b>Expenditures:</b>                                      |                     |                     |                     |                                    |
| <b>Current:</b>   |                     |                     |                     |                                    |
| <b>General Government:</b>                                |                     |                     |                     |                                    |
| Legislative and Executive                                 | -                   | -                   | -                   | -                                  |
| Judicial  | -                   | -                   | -                   | -                                  |
| Public Safety   | -                   | -                   | -                   | -                                  |
| Public Works  | -                   | -                   | -                   | -                                  |
| Health  | 27,081,181          | 28,460,955          | 26,979,003          | 1,481,952                          |
| Human Services  | -                   | -                   | -                   | -                                  |
| Conservation and Recreation                               | -                   | -                   | -                   | -                                  |
| <b>Total Expenditures</b>                                 | <u>27,081,181</u>   | <u>28,460,955</u>   | <u>26,979,003</u>   | <u>1,481,952</u>                   |
| <b>Excess of Revenues Over<br/>  (Under) Expenditures</b> | <u>(512,931)</u>    | <u>(3,457,805)</u>  | <u>(1,886,762)</u>  | <u>1,571,043</u>                   |
| <b>Other Financing Sources (Uses):</b>                    |                     |                     |                     |                                    |
| Other Financing Sources                                   | -                   | -                   | 20,592              | 20,592                             |
| Advances - In   | -                   | -                   | -                   | -                                  |
| Advances - Out  | -                   | -                   | -                   | -                                  |
| Operating Transfers - In                                  | -                   | -                   | -                   | -                                  |
| Operating Transfers - Out                                 | -                   | (1,490)             | -                   | 1,490                              |
| <b>Total Other Financing Sources Uses</b>                 | <u>-</u>            | <u>(1,490)</u>      | <u>20,592</u>       | <u>22,082</u>                      |
| <b>Net Change in Fund Balance</b>                         | <u>(512,931)</u>    | <u>(3,459,295)</u>  | <u>(1,866,170)</u>  | <u>1,593,125</u>                   |
| <b>Fund Balances at Beginning of Year</b>                 | 7,412,103           | 7,412,103           | 7,412,103           | -                                  |
| <b>Prior Year Encumbrances Appropriated</b>               | 1,464,931           | 1,464,931           | 1,464,931           | -                                  |
| <b>Fund Balances at End of Year</b>                       | <u>\$ 8,364,103</u> | <u>\$ 5,417,739</u> | <u>\$ 7,010,864</u> | <u>\$ 1,593,125</u>                |

See accompanying notes to the Basic Financial Statements.

## Butler County, Ohio

Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 Job and Family Services Fund  
 For the Year Ended December 31, 2002

|   | Original<br>Budget  | Final<br>Budget    | Actual              | Variance<br>Positive<br>(Negative) |
|---|---------------------|--------------------|---------------------|------------------------------------|
| <b>Revenues:</b>  |                     |                    |                     |                                    |
| Taxes   | \$ -                | \$ -               | \$ -                | \$ -                               |
| Charges for Services                                    | -                   | -                  | -                   | -                                  |
| Licenses and Permits                                    | -                   | -                  | -                   | -                                  |
| Fines and Forfeitures                                   | -                   | -                  | -                   | -                                  |
| Intergovernmental                                       | 33,121,133          | 27,703,418         | 27,762,673          | 59,255                             |
| Interest  | -                   | -                  | -                   | -                                  |
| Other   | 120,000             | 1,104,690          | 1,257,868           | 153,178                            |
| <b>Total Revenues</b>                                   | <b>33,241,133</b>   | <b>28,808,108</b>  | <b>29,020,541</b>   | <b>212,433</b>                     |
| <b>Expenditures:</b>                                    |                     |                    |                     |                                    |
| <b>Current:</b>   |                     |                    |                     |                                    |
| <b>General Government:</b>                              |                     |                    |                     |                                    |
| Legislative and Executive                               | -                   | -                  | -                   | -                                  |
| Judicial  | -                   | -                  | -                   | -                                  |
| Public Safety   | -                   | -                  | -                   | -                                  |
| Public Works  | -                   | -                  | -                   | -                                  |
| Health  | -                   | -                  | -                   | -                                  |
| Human Services  | 36,185,882          | 36,185,882         | 34,522,483          | 1,663,399                          |
| Conservation and Recreation                             | -                   | -                  | -                   | -                                  |
| <b>Total Expenditures</b>                               | <b>36,185,882</b>   | <b>36,185,882</b>  | <b>34,522,483</b>   | <b>1,663,399</b>                   |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <b>(2,944,749)</b>  | <b>(7,377,774)</b> | <b>(5,501,942)</b>  | <b>1,875,832</b>                   |
| <b>Other Financing Sources (Uses):</b>                  |                     |                    |                     |                                    |
| Other Financing Sources                                 | -                   | 32,635             | 32,806              | 171                                |
| Advances - In   | -                   | -                  | -                   | -                                  |
| Advances - Out  | -                   | -                  | -                   | -                                  |
| Operating Transfers - In                                | 1,159,000           | 1,159,257          | 1,159,257           | -                                  |
| Operating Transfers - Out                               | -                   | -                  | -                   | -                                  |
| <b>Total Other Financing Sources Uses</b>               | <b>1,159,000</b>    | <b>1,191,892</b>   | <b>1,192,063</b>    | <b>171</b>                         |
| <b>Net Change in Fund Balance</b>                       | <b>(1,785,749)</b>  | <b>(6,185,882)</b> | <b>(4,309,879)</b>  | <b>1,876,003</b>                   |
| <b>Fund Balances at Beginning of Year</b>               | <b>4,498,988</b>    | <b>4,498,988</b>   | <b>4,498,988</b>    | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>             | <b>1,785,882</b>    | <b>1,785,882</b>   | <b>1,785,882</b>    | <b>-</b>                           |
| <b>Fund Balances at End of Year</b>                     | <b>\$ 4,499,121</b> | <b>\$ 98,988</b>   | <b>\$ 1,974,991</b> | <b>\$ 1,876,003</b>                |

See accompanying notes to the Basic Financial Statements.

## Butler County, Ohio

Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 Children Services Fund  
 For the Year Ended December 31, 2002

|   | Original<br>Budget | Final<br>Budget    | Actual             | Variance<br>Positive<br>(Negative) |
|---|--------------------|--------------------|--------------------|------------------------------------|
| <b>Revenues:</b>  |                    |                    |                    |                                    |
| Taxes   | \$ 7,467,139       | \$ 7,667,139       | \$ 7,678,294       | \$ 11,155                          |
| Charges for Services                                    | -                  | -                  | -                  | -                                  |
| Licenses and Permits                                    | -                  | -                  | -                  | -                                  |
| Fines and Forfeitures                                   | -                  | -                  | -                  | -                                  |
| Intergovernmental                                       | 10,840,806         | 10,490,806         | 9,848,417          | (642,389)                          |
| Interest  | -                  | -                  | -                  | -                                  |
| Other   | 5,000              | 155,000            | 161,389            | 6,389                              |
| <b>Total Revenues</b>                                   | <u>18,312,945</u>  | <u>18,312,945</u>  | <u>17,688,100</u>  | <u>(624,845)</u>                   |
| <b>Expenditures:</b>                                    |                    |                    |                    |                                    |
| <b>Current:</b>   |                    |                    |                    |                                    |
| <b>General Government:</b>                              |                    |                    |                    |                                    |
| Legislative and Executive                               | -                  | -                  | -                  | -                                  |
| Judicial  | -                  | -                  | -                  | -                                  |
| Public Safety   | -                  | -                  | -                  | -                                  |
| Public Works  | -                  | -                  | -                  | -                                  |
| Health  | -                  | -                  | -                  | -                                  |
| Human Services  | 25,019,463         | 25,119,463         | 24,541,934         | 577,529                            |
| Conservation and Recreation                             | -                  | -                  | -                  | -                                  |
| <b>Total Expenditures</b>                               | <u>25,019,463</u>  | <u>25,119,463</u>  | <u>24,541,934</u>  | <u>577,529</u>                     |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <u>(6,706,518)</u> | <u>(6,806,518)</u> | <u>(6,853,834)</u> | <u>(47,316)</u>                    |
| <b>Other Financing Sources (Uses):</b>                  |                    |                    |                    |                                    |
| Other Financing Sources                                 | 5,000              | 5,000              | 17,120             | 12,120                             |
| Advances - In   | -                  | -                  | -                  | -                                  |
| Advances - Out  | -                  | -                  | -                  | -                                  |
| Operating Transfers - In                                | -                  | -                  | -                  | -                                  |
| Operating Transfers - Out                               | -                  | -                  | -                  | -                                  |
| <b>Total Other Financing Sources Uses</b>               | <u>5,000</u>       | <u>5,000</u>       | <u>17,120</u>      | <u>12,120</u>                      |
| <b>Net Change in Fund Balance</b>                       | <u>(6,701,518)</u> | <u>(6,801,518)</u> | <u>(6,836,714)</u> | <u>(35,196)</u>                    |
| <b>Fund Balances at Beginning of Year</b>               | 5,139,081          | 5,139,081          | 5,139,081          | -                                  |
| <b>Prior Year Encumbrances Appropriated</b>             | 1,732,774          | 1,732,774          | 1,732,774          | -                                  |
| <b>Fund Balances at End of Year</b>                     | <u>\$ 170,337</u>  | <u>\$ 70,337</u>   | <u>\$ 35,141</u>   | <u>\$ (35,196)</u>                 |

See accompanying notes to the Basic Financial Statements.

Butler County, Ohio  
Statement of Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2002

|   | Enterprise Funds      |                      |                          |                      | Governmental<br>Activities -<br>Internal Service<br>Fund |
|---|-----------------------|----------------------|--------------------------|----------------------|--|
|   | Sewer                 | Water                | GSC<br>Parking<br>Garage | Total                |  |
| <b>Assets</b>   |                       |                      |                          |                      |  |
| <b>Current Assets</b>   |                       |                      |                          |                      |  |
| Equity in Pooled Cash and Cash Equivalents                      | \$ 16,935,842         | \$ 9,261,879         | \$26,152                 | \$ 26,223,873        | \$ 3,009,546   |
| Cash and Cash Equivalents with Fiscal Agent                     | 548,136               | 32,175               | -                        | 580,311              | 243,264  |
| Receivables:  |                       |                      |                          |                      |  |
| Accounts  | 2,012,210             | 1,154,485            | -                        | 3,166,695            | 17,304   |
| Due from Other Governments                                      | -                     | 118,877              | -                        | 118,877              | -  |
| Due from Other Funds  | 8,617                 | 17,290               | -                        | 25,907               | 812,713  |
| Prepaid Items   | 7,170                 | 5,097                | -                        | 12,267               | 60,192   |
| Materials and Supplies Inventory                                | 63,355                | 29,300               | -                        | 92,655               | -  |
| <b>Total Current Assets</b>                                     | <b>19,575,330</b>     | <b>10,619,103</b>    | <b>26,152</b>            | <b>30,220,585</b>    | <b>4,143,019</b>   |
| <b>Noncurrent Assets</b>  |                       |                      |                          |                      |  |
| <b>Restricted Assets:</b>                                       |                       |                      |                          |                      |  |
| Equity in Pooled Cash and Cash Equivalents<br>with Fiscal Agent | 12,849,545            | 4,769,255            | -                        | 17,618,800           | -  |
| Deferred Charges  | 2,312,507             | 1,511,946            | -                        | 3,824,453            | -  |
| Deferred Charges for Water Rate Stabilization                   | -                     | 34,810,695           | -                        | 34,810,695           | -  |
| Capital Assets, Net   | 154,975,633           | 80,401,426           | -                        | 235,377,059          | -  |
| <b>Total Noncurrent Assets</b>                                  | <b>170,137,685</b>    | <b>121,493,322</b>   | <b>-</b>                 | <b>291,631,007</b>   | <b>-</b>   |
| <b>Total Assets</b>   | <b>189,713,015</b>    | <b>132,112,425</b>   | <b>26,152</b>            | <b>321,851,592</b>   | <b>4,143,019</b>   |
| <b>Liabilities</b>  |                       |                      |                          |                      |  |
| <b>Current Liabilities:</b>                                     |                       |                      |                          |                      |  |
| Accounts Payable  | 243,717               | 181,894              | 8                        | 425,619              | 385  |
| Contracts Payable   | 578,835               | 282,319              | -                        | 861,154              | -  |
| Accrued Wages and Benefits                                      | 358,889               | 270,426              | 3,949                    | 633,264              | 19,685   |
| Retainage Payable   | 130,461               | 73,198               | -                        | 203,659              | -  |
| Due to Other Funds  | 43,931                | 30,949               | 430                      | 75,310               | -  |
| Due to Other Governments  | 47,029                | 591,139              | -                        | 638,168              | 279,571  |
| Accrued Interest Payable  | 9,117                 | 103,081              | -                        | 112,198              | -  |
| Notes Payable   | 1,945,000             | -                    | -                        | 1,945,000            | -  |
| Claims Payable  | -                     | -                    | -                        | -                    | 2,756,286  |
| Compensated Absences Payable                                    | 114,550               | 88,907               | 462                      | 203,919              | 5,247  |
| <b>Total Current Liabilities</b>                                | <b>3,471,529</b>      | <b>1,621,913</b>     | <b>4,849</b>             | <b>5,098,291</b>     | <b>3,061,174</b>   |
| <b>Noncurrent Liabilities:</b>                                  |                       |                      |                          |                      |  |
| <b>Payable From Restricted Assets:</b>                          |                       |                      |                          |                      |  |
| Refundable Deposits   | -                     | 85,170               | -                        | 85,170               | -  |
| General Obligation Bonds Payable                                | 225,000               | -                    | -                        | 225,000              | -  |
| Revenue Bonds Payable   | 3,040,000             | 1,215,000            | -                        | 4,255,000            | -  |
| Judgement Bonds Payable   | -                     | 60,000               | -                        | 60,000               | -  |
| Accrued Interest Payable  | 261,814               | 256,086              | -                        | 517,900              | -  |
| <b>Long-Term Liabilities:</b>                                   |                       |                      |                          |                      |  |
| Compensated Absences Payable                                    | 174,909               | 160,763              | 1,618                    | 337,290              | 11,097   |
| General Obligation Bonds Payable                                | 693,368               | -                    | -                        | 693,368              | -  |
| Revenue Bonds Payable   | 60,663,315            | 28,855,000           | -                        | 89,518,315           | -  |
| Judgement Bonds Payable   | -                     | 35,492,419           | -                        | 35,492,419           | -  |
| <b>Total Noncurrent Liabilities</b>                             | <b>65,058,406</b>     | <b>66,124,438</b>    | <b>1,618</b>             | <b>131,184,462</b>   | <b>11,097</b>  |
| <b>Total Liabilities</b>  | <b>68,529,935</b>     | <b>67,746,351</b>    | <b>6,467</b>             | <b>136,282,753</b>   | <b>3,072,271</b>   |
| <b>Net Assets</b>   |                       |                      |                          |                      |  |
| Invested in Capital Assets, Net of Related Debt                 | 90,725,415            | 51,839,567           | -                        | 142,564,982          | -  |
| <b>Restricted for:</b>  |                       |                      |                          |                      |  |
| Debt Service  | 6,012,429             | 2,938,867            | -                        | 8,951,296            | -  |
| Replacement and Improvement                                     | 6,575,302             | 1,489,132            | -                        | 8,064,434            | -  |
| Unrestricted  | 17,869,934            | 8,098,508            | 19,685                   | 25,988,127           | 1,070,748  |
| <b>Total Net Assets</b>   | <b>\$ 121,183,080</b> | <b>\$ 64,366,074</b> | <b>\$19,685</b>          | <b>\$185,568,839</b> | <b>\$ 1,070,748</b>                                      |

See accompanying notes to the basic financial statements

Butler County, Ohio  
Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2002

|   | Enterprise Funds      |                      |                            |                       | Governmental<br>Activities -<br>Internal Service<br>Fund |
|---|-----------------------|----------------------|----------------------------|-----------------------|--|
|   | Sewer                 | Water                | GSC<br>Parking<br>Facility | Total                 |  |
| Operating Revenues                                      |                       |                      |                            |                       |  |
| Charges for Services                                    | \$ 16,527,843         | \$ 20,166,493        | \$ 131,445                 | \$ 36,825,781         | \$ 1,763,825   |
| Other Operating Revenues                                | 326,325               | 134,115              | -                          | 460,440               | -  |
| <b>Total Operating Revenues</b>                         | <b>16,854,168</b>     | <b>20,300,608</b>    | <b>131,445</b>             | <b>37,286,221</b>     | <b>1,763,825</b>   |
| Operating Expenses                                      |                       |                      |                            |                       |  |
| Personal Services                                       | 5,371,651             | 3,855,427            | 54,019                     | 9,281,097             | 227,333  |
| Contractual Services                                    | 3,631,250             | 1,738,610            | 17,663                     | 5,387,523             | 606,310  |
| Claims and Judgments                                    | -                     | -                    | -                          | -                     | 923,901  |
| Materials and Supplies                                  | 682,601               | 11,432,057           | 7,095                      | 12,121,753            | -  |
| Other Operating Expenses                                | 1,384,571             | 415,933              | 4,435                      | 1,804,939             | 5,755  |
| Depreciation Expense                                    | 5,572,020             | 3,060,085            | -                          | 8,632,105             | -  |
| <b>Total Operating Expenses</b>                         | <b>16,642,093</b>     | <b>20,502,112</b>    | <b>83,212</b>              | <b>37,227,417</b>     | <b>1,763,299</b>   |
| <b>Operating Income (Loss)</b>                          | <b>212,075</b>        | <b>(201,504)</b>     | <b>48,233</b>              | <b>58,804</b>         | <b>526</b>   |
| Non-Operating Revenues (Expenses)                       |                       |                      |                            |                       |  |
| Other Non-Operating Revenues                            | 409,081               | 808,129              | 697                        | 1,217,907             | 240,616  |
| Interest  | 41,366                | 70,749               | -                          | 112,115               | -  |
| Interest and Fiscal Charges                             | (3,218,776)           | (2,389,064)          | -                          | (5,607,840)           | -  |
| Other Non-Operating Expenses                            | (155,981)             | (5,670)              | -                          | (161,651)             | (2,237,095)  |
| <b>Total Non-Operating Revenues (Expenses)</b>          | <b>(2,924,310)</b>    | <b>(1,515,856)</b>   | <b>697</b>                 | <b>(4,439,469)</b>    | <b>(1,996,479)</b>                                       |
| <b>Income (Loss) Before Contributions and Transfers</b> | <b>(2,712,235)</b>    | <b>(1,717,360)</b>   | <b>48,930</b>              | <b>(4,380,665)</b>    | <b>(1,995,953)</b>                                       |
| Capital Contributions                                   | 12,313,679            | 7,014,947            | -                          | 19,328,626            | -  |
| Transfers In  | 374,178               | 151,373              | -                          | 525,551               | -  |
| Transfers Out   | (99,586)              | -                    | (45,000)                   | (144,586)             | -  |
| <b>Change in Net Assets</b>                             | <b>9,876,036</b>      | <b>5,448,960</b>     | <b>3,930</b>               | <b>15,328,926</b>     | <b>(1,995,953)</b>                                       |
| Net Assets Beginning of Year - Restated (See Note 3)    | 111,307,044           | 58,917,114           | 15,755                     | 170,239,913           | 3,066,701  |
| <b>Net Assets End of Year</b>                           | <b>\$ 121,183,080</b> | <b>\$ 64,366,074</b> | <b>\$ 19,685</b>           | <b>\$ 185,568,839</b> | <b>\$ 1,070,748</b>                                      |

See accompanying notes to the basic financial statements

Butler County  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2002

|   | Business-type Activities - Enterprise Funds |                      |   |                      | Governmental<br>Activities -<br>Internal<br>Service Funds |
|---|---|----------------------|---|----------------------|---|
|   | Sewer                                       | Water                | Govt Services<br>Center Parking<br>Facility | Totals               |   |
| <b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>         |   |                      |   |                      |   |
| <b><u>Cash Flows from Operating Activities:</u></b>                     |   |                      |   |                      |   |
| Cash Received from Customers  | \$ 16,124,119                               | \$ 20,414,205        | \$ 131,445                                  | \$ 36,669,769        | \$ -  |
| Cash Received from Quasi-External<br>Transactions with Other Funds      | -   | -                    | -   | -                    | 1,733,912   |
| Cash Paid to Suppliers  | (4,169,026)                                 | (13,391,748)         | (24,750)                                    | (17,585,524)         | (497,794)   |
| Cash Paid to Employees  | (5,265,512)                                 | (3,728,266)          | (51,533)                                    | (9,045,311)          | (218,563)   |
| Cash Payments for Quasi-External<br>Transactions with Other Funds       | (63,204)                                    | (30,435)             | (327)                                       | (93,966)             | -   |
| Other Operating Revenues  | 326,325                                     | 174,816              | -   | 501,141              | -   |
| Other Operating Expenses  | (1,641,439)                                 | (699,264)            | (4,435)                                     | (2,345,138)          | (12,756)  |
| Other Non-Operating Revenues  | 409,081                                     | 957,164              | 697   | 1,366,942            | 240,616   |
| Other Non-Operating Expenses  | (155,981)                                   | (5,670)              | -   | (161,651)            | (2,237,095)   |
| Cash Paid for Claims  | -   | -                    | -   | -                    | (183,282)   |
| <b>Net Cash Provided by (Used for) Operating Activities</b>             | <b>5,564,363</b>                            | <b>3,690,802</b>     | <b>51,097</b>                               | <b>9,306,262</b>     | <b>(1,174,962)</b>  |
| <b><u>Cash Flows from Noncapital Financing Activities:</u></b>          |   |                      |   |                      |   |
| Operating Transfers-in from Other Funds                                 | 374,178                                     | 151,373              | -   | 525,551              | -   |
| Operating Transfers-out to Other Funds                                  | (99,586)                                    | -                    | (45,000)                                    | (144,586)            | -   |
| Bond Issuance Cost  | -   | (373,261)            | -   | (373,261)            | -   |
| Interest Paid on Judgement Bonds  | -   | (609,521)            | -   | (609,521)            | -   |
| Premium on Judgement Bonds Issued                                       | -   | 522,419              | -   | 522,419              | -   |
| Purchase of Water Rights  | -   | (34,810,695)         | -   | (34,810,695)         | -   |
| Proceeds from Sale of Judgement Bonds                                   | -   | 35,030,000           | -   | 35,030,000           | -   |
| <b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>  | <b>274,592</b>                              | <b>(89,685)</b>      | <b>(45,000)</b>                             | <b>139,907</b>       | <b>-</b>  |
| <b><u>Cash Flows from Capital and Related Financing Activities:</u></b> |   |                      |   |                      |   |
| Proceeds from Sale of General Obligation Bonds and Notes                | 1,945,000                                   | -                    | -   | 1,945,000            | -   |
| Aquisition and Construction of Capital Assets                           | (3,486,611)                                 | (4,919,988)          | -   | (8,406,599)          | -   |
| Capital Grants  | 265,956                                     | 361,078              | -   | 627,034              | -   |
| Interest Paid on General Obligation Bonds and Notes                     | (128,942)                                   | -                    | -   | (128,942)            | -   |
| Principal Paid on General Obligation Bonds and Notes                    | (2,230,000)                                 | -                    | -   | (2,230,000)          | -   |
| Interest and Fiscal Charges on Revenue Bonds                            | (3,103,194)                                 | (1,727,916)          | -   | (4,831,110)          | -   |
| Principal Paid on Revenue Bonds   | (2,900,000)                                 | (1,170,000)          | -   | (4,070,000)          | -   |
| Capital Contributions by Customers                                      | 6,762,444                                   | 3,232,357            | -   | 9,994,801            | -   |
| <b>Net Cash Used for Capital and Related Financing Activities</b>       | <b>(2,875,347)</b>                          | <b>(4,224,469)</b>   | <b>-</b>                                    | <b>(7,099,816)</b>   | <b>-</b>  |
| <b><u>Cash Flows from Investing Activities:</u></b>                     |   |                      |   |                      |   |
| Interest and Dividends on Investments                                   | 41,366                                      | 70,749               | -   | 112,115              | -   |
| <b>Net Cash Provided by Investing Activities</b>                        | <b>41,366</b>                               | <b>70,749</b>        | <b>-</b>                                    | <b>112,115</b>       | <b>-</b>  |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>             | <b>3,004,974</b>                            | <b>(552,603)</b>     | <b>6,097</b>                                | <b>2,458,468</b>     | <b>(1,174,962)</b>  |
| <b>Cash and Cash Equivalents at Beginning of Year</b>                   | <b>27,328,549</b>                           | <b>14,615,912</b>    | <b>20,055</b>                               | <b>41,964,516</b>    | <b>4,427,772</b>  |
| <b>Cash and Cash Equivalents at End of Year</b>                         | <b>\$ 30,333,523</b>                        | <b>\$ 14,063,309</b> | <b>\$ 26,152</b>                            | <b>\$ 44,422,984</b> | <b>\$ 3,252,810</b>                                       |

(continued)

Butler County  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2002 (Continued)

|  | Business-type Activities - Enterprise Funds |                     |   |                     | Governmental<br>Activities -<br>Internal<br>Service Funds |
|--|---|---------------------|---|---------------------|---|
|  | Sewer                                       | Water               | Govt Services<br>Center Parking<br>Facility | Totals              |   |
| Reconciliation of Operating Income (Loss) to Net Income      |   |                     |   |                     |   |
| <u>Cash Provided by (Used for) Operating Activities:</u>     |   |                     |   |                     |   |
| Operating Income (Loss)                                      | \$ 212,075                                  | \$ (201,504)        | \$ 48,233                                   | \$ 58,804           | \$ 526  |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash |   |                     |   |                     |   |
| <u>Provided by (Used for) Operating Activities:</u>          |   |                     |   |                     |   |
| Depreciation   | 5,572,020                                   | 3,060,085           | -   | 8,632,105           | -   |
| Other Non-Operating Revenues                                 | 409,081                                     | 957,164             | 697   | 1,366,942           | 240,616   |
| Other Non-Operating Expenses                                 | (155,981)                                   | (5,670)             | -   | (161,651)           | (2,237,095)   |
| <u>Changes in Assets and Liabilities:</u>                    |   |                     |   |                     |   |
| Increase (Decrease) in Accounts Receivable                   | (432,952)                                   | 265,904             | -   | (167,048)           | (1,607)   |
| Decrease in Due from Other Funds                             | 29,228                                      | (18,192)            | -   | 11,036              | -   |
| Increase (Decrease) in Supplies Inventory                    | (502)                                       | 12,602              | -   | 12,100              | -   |
| Decrease in Interfund Receivable                             | -   | -                   | -   | -                   | (28,306)  |
| Decrease in Prepaid Items                                    | (3,987)                                     | (5,097)             | -   | (9,084)             | (60,192)  |
| Increase in Accrued Wages and Benefits                       | 16,973                                      | 35,872              | 734   | 53,579              | 5,683   |
| Increase (Decrease) in Accounts Payable                      | (67,731)                                    | (4,348)             | 8   | (72,071)            | (3,661)   |
| Increase in Contracts Payable                                | 350,666                                     | 44,360              | -   | 395,026             | -   |
| Increase in Compensated Absences Payable                     | 23,810                                      | 59,818              | 1,322                                       | 84,950              | 3,087   |
| Increase (Decrease) in Due to Other Funds                    | (390,857)                                   | (268,679)           | 103   | (659,433)           | -   |
| Increase (Decrease) in Due to Other Governments              | 2,520                                       | (257,792)           | -   | (255,272)           | 165,368   |
| Increase in Claims Payable                                   | -   | -                   | -   | -                   | 610,840   |
| Increase in Refundable Deposits                              | -   | 16,279              | -   | 16,279              | -   |
| Increase in Claims Net of Current Portion                    | -   | -                   | -   | -                   | 129,779   |
| <b>Total Adjustments</b>                                     | <b>5,352,288</b>                            | <b>3,892,306</b>    | <b>2,864</b>                                | <b>9,247,458</b>    | <b>(1,175,488)</b>  |
| <b>Net Cash Provided by (Used for) Operating Activities</b>  | <b>\$ 5,564,363</b>                         | <b>\$ 3,690,802</b> | <b>\$ 51,097</b>                            | <b>\$ 9,306,262</b> | <b>\$ (1,174,962)</b>                                     |

Non-Cash capital and related financing activities:

Developers during the year donated \$5,285,279 of sewer lines to the sewer fund.

Developers during the year donated \$3,421,512 of water lines to the water fund.

Cash and cash equivalents at end of year included restricted cash of \$12,849,545 in the sewer fund.

Cash and cash equivalents at end of year included restricted cash of \$4,769,255 in the water fund.

See accompanying notes to the basic financial statements



Butler County, Ohio  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2002

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| <b>Assets</b>                                    |                              |
|--|------------------------------|
| Equity Pooled in Cash and Cash Equivalents       | \$ 21,190,188                |
| Cash and Cash Equivalents in Segregated Accounts | 4,374,108                    |
| Investments in Segregated Accounts               | 400,000                      |
| Taxes Receivable                                 | 278,329,209                  |
| Special Assessments Receivable                   | 26,281,951                   |
| Due from Other Governments                       | <u>15,743,574</u>            |
| <b>Total Assets</b>                              | <b><u>\$ 346,319,030</u></b> |
| <br>   |                              |
| <b>Liabilities</b>                               |                              |
| Undistributed Monies                             | \$ 3,778,043                 |
| Deposits Held and Due to Others                  | 5,810,960                    |
| Due to Other Governments                         | 336,615,027                  |
| Loans Payable                                    | <u>115,000</u>               |
| <b>Total Liabilities</b>                         | <b><u>\$346,319,030</u></b>  |

See accompanying notes to the basic financial statements

**NOTE 1 REPORTING ENTITY AND BASIS OF PRESENTATION**

**REPORTING ENTITY**

Butler County, Ohio (The County) was created in 1803. The County is governed by a board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other elected officials include the Auditor, Treasurer, Recorder, Sheriff, Coroner, Clerk of Courts, Prosecutor, Engineer, nine Common Pleas Court Judges and three County Court Judges.

The services provided by the above officials and their departments comprise the primary governmental unit of the County. They have therefore been included as part of the reporting entity.

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Butler County, this includes the Children Services Board, the Board of Mental Retardation and Developmental Disabilities, the Board of Mental Health, the Alcohol and Drug Addiction Services Board, and all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the County, in that the County approves the organization budget, the issuance of its debt, or the levying of its taxes.

**Discretely Presented Component Unit**

The component unit column in the combined financial statements identifies the financial data of the County's component unit, Miami Valley Industries, Inc. It is reported separately to emphasize that it is legally separate from the county.

**Miami Valley Industries, Incorporated**

Miami Valley Industries, Inc. (the Workshop) is a legally separate entity served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Butler County Board of Mental Retardation, and Developmental Disabilities, provides a comprehensive program of services, including employment for mentally retarded and developmentally disabled citizens. The Workshop is a non-governmental, non-profit corporation. The Butler County Board of MRDD provides the Workshop with expenses and personnel for operation of the Workshop including staff salaries and benefits and certain supplies and advertising. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to the developmentally disabled and handicapped adults of Butler County, the Workshop is reflected as a component unit of Butler County. This is because the nature and significance of the relationship is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Miami Valley Industries operates on a fiscal year ending June 30th. Separately issued financial statements can be obtained from the Miami Valley Industries Workshop of Butler County, Ohio.

**REPORTING ENTITY AND BASIS OF PRESENTATION (continued)**

The County participates in the following joint ventures, jointly governed organization, related organization, and risk sharing pool. These organizations are presented in Note 20 to the combined financial statements and are excluded from the accompanying financial statements except as noted.

Butler County Emergency Management Agency  
Economic Development Association of Butler County  
Transportation Improvement District of Butler County  
County Risk Sharing Authority  
Regional Transit Authority

As the custodian of public funds, the County Treasurer invests all public moneys held on deposit in the County Treasury. In the case of the legally separate agencies, boards and commissions listed below, the County serves as fiscal agent, but the organizations are not considered a part of Butler County. Accordingly, the activity of the following districts and agencies are presented as agency funds within the County's financial statements:

**Butler County General Health District**

The five member Board of Health which oversees the operation of the Health District is elected by a District Advisory Council comprised of township trustees and mayors of participating municipalities. The Board adopts its own budget which is subject to a compliance oriented review by the County. The District hires and fires its own staff, and operates autonomously from the County.

**Butler County Soil and Water Conservation District**

The Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the state. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, and do not tax nor issue debt.

**Butler County Solid Waste Planning District**

A state mandate established by the passage of Amended Sub House Bill 592 created the Butler County Solid Waste Planning District. The Solid Waste Planning Committee was established in March of 1989 and consists of seven members, which include a health commissioner, an appointee of the County Commissioners, a chief executive officer, and four members from the public sector. The committee adopts its own budget and authorizes its own expenditures.

**Metroparks of Butler County**

The District Commissioners are appointed by the Probate Judge of the County. The Commissioners adopt their own budget, authorize expenditures, hire and fire staff, and do not rely on the County to finance deficits. The County is not financially accountable for the District nor is the District financially dependent on the County. The District serves as its own taxing and debt issuance authority and is a related organization of the County. The District did not receive any funding from the County during 2002.

**Twelfth District Court of Appeals**

The State of Ohio is divided into twelve district court of appeals. The twelfth district includes the counties of Brown, Clermont, Butler, Warren, Clinton, Fayette, Madison, and Preble. The district court is a separate entity from the County. The three judges who are responsible for the court system are elected in the general election by the populous of the above listed counties. The court system sets its own budget, appoints staff, and relies on the County for only the County's proportionate contribution for operations as required by state statute.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Butler County have been prepared in conformity with the generally accepted accounting principals (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the County accounting policies are described below.

**BASIS OF PRESENTATION**

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government Wide-Financial Statements**

The statement of net assets and the statement of activities display information about the county as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities for the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

**Fund Financial Statements**

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**Fund Accounting**

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

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

General Fund

This fund accounts for the general operating revenues and expenditures of the County not recorded elsewhere. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of the State of Ohio.

Mental Retardation

This fund accounts for the countywide tax levy, federal and state grants used to pay the costs of services provided by local mental health agencies to the public at large.

Job and Family Services

This fund accounts for various federal and state grants used to provide public assistance to general relief recipients, pay their providers of medical assistance and for certain public social services.

Children Services Board

This fund accounts for the countywide tax levy, and various federal and state grants used to provide public assistance

Bond Retirement Fund

This fund is used to retire Special Assessment, General Obligation and Revenue Pledged Bonds and Notes.

Buildings Constructions and Renovations

This fund accounts for the activity involved with the acquisition, construction and renovation of various County buildings.

The other governmental funds of the County account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The County maintains the following three enterprise funds:

Sanitary Sewer

This fund accounts for fees collected by the Butler County Department of Environmental Services for the processing and disposal of sewage.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Water Distribution**

This fund accounts for fees collected by the Butler County Department of Environmental Services for providing water services for Butler County residents.

**Government Services Center (GSC) Parking Facility**

This fund accounts for fees collected by the Butler County Commissioners for revenue received from customers parking in the GSC parking facility and to disperse expenses relative to its operation.

**Internal Service Funds**

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service funds report on self-insurance programs for employee medical benefits and workers compensation. Prior to December 1, 2002 the County used the general fund to report health insurance activities.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used by the County to account for assets held under a trust agreement for individuals, private organizations or other governments, and are therefore, not available to support the County's own programs. Agency funds are used to report resources held by the County in a purely custodial capacity. The County's only fiduciary funds are agency funds. The County's agency funds are primarily established to account for the collection of various taxes, receipts and fees and to account for funds of the County General Health District, Soil and Water Conservation District, Emergency Management and Metro Parks.

**Component Units**

Component units are either legally separate organizations for which the elected officials of the County are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Component unit disclosures represent a consolidation of various fund types.

**MEASUREMENT FOCUS**

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Like the governmental-wide statements, all proprietary fund types are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

**BASIS OF ACCOUNTING**

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

**Revenues – Exchange and Non-Exchange Transactions**

Revenues 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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within thirty days of year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, includes sales tax, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the sale occurs. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see note 5). Revenue from grants, entitlements and donations are recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax, state levied locally shared taxes (including gasoline tax and motor vehicle license tax), license and permits, fines and forfeitures, grants, interest, and charges for services.

**Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenue. 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on the 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. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**Cash and Cash Equivalents**

Cash resources of the majority of individual funds are combined to form a pool of cash and investments, which is managed by the County Treasurer. Interest earned on investments is distributed to the General Fund, except as stipulated by the Ohio Constitution or State statute. During fiscal year 2002, investments were limited to Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, U.S. Bank Money Market Public Mutual Fund and STAROhio. Investments are reported at fair value, which is based on quoted market prices, with the exception of certificates of deposit, which are reported at cost. The fair value of the mutual fund is determined by the fund's December 31, 2002, share price. Note 4 provides a detailed disclosure regarding cash, cash equivalents and investments held by the County. STAROhio is an investment pool managed by the State Treasurers Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2002.

Interest revenue credited to the General Fund during 2002 amounted to \$4,684,763, which includes \$4,358,537 assigned from other County funds.

**Cash and Investments in Segregated Accounts**

The County has segregated bank accounts for monies held separate from the County's central bank account. These depository accounts are presented as "Cash equivalents in segregated accounts".

The component unit also maintains separate bank accounts. These bank accounts and investments are represented by "Cash and cash equivalents in segregated accounts" and "investments in segregated accounts".

**Statement of Cash Flows**

Funds included within the Treasurer's cash management pool and investments in segregated accounts (including restricted trustee and retainage accounts) with original maturities of 3 months or less when purchased are considered to be cash equivalents. In addition, revenue and expense transactions classified as other than operating cash flows from operations are not considered as components of operating income.

**Cash and Investments Held with Fiscal Agents**

Certain monies for employee health insurance are held and invested by fiscal agents. These bank accounts and investments are represented by "Cash and cash equivalents with fiscal agents".

**Inventories and Prepaid Items**

On the government-wide financial statements inventories are presented at the lower of cost or market, on a first-in, first-out (FIFO) basis, and are expensed when used.



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in first-out basis. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items by using the consumption method.

**Interfund Transactions**

On fund financial statements, receivables and payables arising between funds for goods provided or services rendered, are classified as "due from other funds" or "due to other funds".

Long-term interfund loans are classified as "advances to / from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business type activities which are presented as internal balances.

**Restricted Assets**

Restricted assets consist of certain trust accounts held by the Department of Environmental Services, which includes bond accounts, bond reserve accounts, replacement and improvement accounts and construction accounts. Cash and investments in the accounts are held by trustee financial institutions. The bond accounts are used to accumulate periodic principal and interest payments. The bond reserve accounts are to be funded in an amount equal to the maximum annual bond principal and interest requirement.

Replacement and improvement restricted cash in the sewer and water funds were \$6,575,302 and \$1,489,132, respectively. The construction accounts are established to pay project construction costs.

**Capital Assets**

Capital assets, which include property, plant equipment and infrastructure assets (e.g. roads, bridges and culverts), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets used by the enterprise funds are also reported in the respective funds. Capital assets are defined by the County as assets with an initial individual cost of more than \$15,000 (amount not rounded) or an estimated useful life in excess of ten or more years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset, or do not materially extend the useful life of the asset are not capitalized.

All reported capital assets except for land, construction in process, and infrastructure are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u>     | <u>Useful Lives</u> |
|------------------------|---------------------|
| Buildings              | 30 – 60 years       |
| Building Improvements  | 10 – 60 years       |
| Water and Sewer Mains  | 40 years            |
| Equipment              | 3 – 30 years        |
| Vehicles               | 5 – 7 years         |
| Airport Infrastructure | 30 – 60 years       |

Infrastructure assets other than Airport Infrastructure, under GASB Statement No. 34, do not need to be depreciated. The County has chosen to apply the modified approach for reporting infrastructure assets. Under the modified approach the County has developed an asset management system that:

1. Keeps an up-to-date inventory of eligible infrastructure assets,
2. Performs a conditional assessment of those eligible infrastructure assets at least every three years, using a consistent measurement scale, and,
3. Estimates each year the annual amount to maintain and preserve those assets at the condition level established and disclosed by the government.

The County documents that the eligible infrastructure assets are being maintained at a level equal to or above the condition level established by the County. Condition appraisals are performed on an annual basis for bridges and a biennial basis for roads and culverts in accordance with the Butler County capital asset policy.

When using the modified approach, expenditures to *extend the life* of infrastructure assets are charged to expense, while expenditures that add to or improve infrastructure assets are capitalized.

**Compensated Absences**

Vacation and compensatory benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through time off or some other means. Sick leave benefits are accrued as a liability based on the termination method. And accrual for sick leave is made to extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**Self Insurance**

On December 1, 2002 the County entered into contract for health care insurance administration with Connecticut General Life Insurance Co., to provide claims review and processing services. Each County department is charged for its proportional share of covered employees. The County has recorded a liability for incurred, but not paid; and for incurred, but unreported claims at year-end, based on actuarial estimates.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities and long-term obligations payable from the proprietary funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally due for payment during the current year. Bonds, long-term notes, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when payment is due.

**Fund Balance Reserves**

The County reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. Net assets restricted for other purposes include funds for the operation of a school; resident homes for the mentally retarded and developmentally disabled; the medical, financial and social support to general relief recipients; the support and placement of children; and County road and bridge repair/improvement programs.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The County's sewer and water enterprise funds have restricted net assets relative to those resources necessary to comply with various covenants of bond financing agreements.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for water distribution, wastewater treatment, parking garage operations and self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Revenues and expenses that do not meet these criteria are considered non-operating revenues and expenses and are reported as such. All revenues of the Department of Environmental Services are used as security for revenue bonds issued.

**Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, from grants, outside contributions of resources restricted to capital acquisition and construction, and system capacity charges.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

**Bond Discounts/Premiums**

Bond discounts and premiums for government wide statements and proprietary fund statements are deferred and amortized over the term of the bonds using the effective interest method. Bond discounts/premiums are presented as a reduction/increase of the face amount of the bonds payable.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principals 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.

**Budgets**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by County Commissioners at the fund, program, department, and object level.

**Estimated Resources** – The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Commissioners. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources that was in effect at the time the final appropriations were passed by the County Commissioners.

**Appropriations** – The appropriation resolution is subject to the amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Commissioners during the year including all supplemental appropriations.

**BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budget Basis) and Actual for the general and major special revenue funds are presented on the budget basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance.
- (d) Principal payments on short-term obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
- (e) Investments are reported at fair value (GAAP) rather than cost (budget).
- (f) Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

|  | <u>NET CHANGE IN FUND BALANCE</u> |                       |                         |                         |
|--|-----------------------------------|-----------------------|-------------------------|-------------------------|
|  | General                           | Mental Retardation    | Job and Family Services | Children Services Board |
| <b>GAAP Basis</b>                        | \$ (3,217,915)                    | \$ (50,415)           | \$ 660,639              | \$ (4,674,793)          |
| <b>Adjustments:</b>                      |                                   |                       |                         |                         |
| Revenue Accruals                         | 240,535                           | 105,022               | 4,343,046               | (515,927)               |
| Expenditure Accruals                     | 342,551                           | (61,757)              | (7,938,239)             | 309,181                 |
| Encumbrances                             | (748,405)                         | (1,855,008)           | (1,395,706)             | (2,002,642)             |
| Prepays                                  | 38,673                            | (4,012)               | 20,381                  | 47,467                  |
| Principal Retirement                     | 990,000                           | -                     | -                       | -                       |
| Interest on Debt                         | 1,313,932                         | -                     | -                       | -                       |
| Net Decrease in Fair Value of Investment | 1,264,953                         | -                     | -                       | -                       |
| Advances                                 | (164,615)                         | -                     | -                       | -                       |
| Operating Transfers                      | (2,175,269)                       | -                     | -                       | -                       |
| <b>Budget Basis</b>                      | <u>\$ (2,115,560)</u>             | <u>\$ (1,866,170)</u> | <u>\$ (4,309,879)</u>   | <u>\$ (6,836,714)</u>   |

**NOTE 3 ACCOUNTABILITY AND ACCOUNTING CHANGES**

**ACCOUNTABILITY:**

The following funds had deficit fund balances as of December 31, 2002:

**SPECIAL REVENUE FUNDS:**

|                          |           |
|--------------------------|-----------|
| All Other Health         | \$ 30,142 |
| All Other Human Services | 81,499    |

**CAPITAL PROJECTS FUNDS:**

|  |              |
|--|--------------|
| Buildings Construction and Renovations | \$ 1,626,430 |
| Capital Improvement                    | 258,550      |
| Stormwater Management Study            | 99,545       |
| Road Improvement                       | 1,674,705    |
| Technology                             | 3,194,166    |

**ACCOUNTABILITY AND ACCOUNTING CHANGES (continued)**

The deficits occurring in the Special Revenue Funds and the Capital Improvement Capital Projects Fund have occurred due to the recognition of liabilities, which are primarily accounts payable, contracts payable and advances due to other funds. When grants, transfers or fees are received, and the liability is paid, the deficit will be eliminated.

The deficits occurring in the Capital Projects Funds (except for the Capital Improvement Fund) arise from the issuance of short-term bond anticipation notes which are used to finance the projects until bonds are issued. These deficits will be alleviated when the bonds are issued or when the notes are paid.

The Mental Health Special Revenue fund of the County, as of the adoption of the initial appropriation measure adjusted for the completed initial budget, was legally over-appropriated. The amount of appropriations as of the adoption of the initial budget exceeded the amount of unencumbered cash and cash equivalents carried forward from 2001 plus the initial estimated revenue of the fund. Management is continually monitoring and adjusting these appropriations throughout the year and continues to monitor this and all other funds closely.

This budgetary non-compliance was rectified by adjusting the amount of appropriations available within the individual fund by resolutions adopted by the Board of County Commissioners. No budgetary non-compliance existed as of December 31, 2002.

**CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR YEAR RESTATEMENTS**

For 2002, Butler County has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

GASB Statement No. 34 creates new basic financial statements for reporting on the County's financial activities. The financial statements include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements that present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The government-wide financial statements split the County's programs between governmental activities and business-type activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2001, caused by conversion to the accrual basis of accounting. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from the prior year.

GASB Statement No. 37 makes certain clarifications regarding escheat property and modifies several provisions of GASB Statement No. 34, including the Management's Discussion and Analysis (MD&A). GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement disclosure requirements.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

For the year 2002, Butler County has increased the threshold for capital assets. The threshold amount was increased from \$5,000 to \$15,000 per item.

ACCOUNTABILITY AND ACCOUNTING CHANGES (continued)

RESTATEMENT OF FUND EQUITY

The restatement due to implementation of the above statements and interpretation had the following effects on fund equity of the major and nonmajor funds of Butler County as they were previously reported.

GOVERNMENTAL ACTIVITIES – RESTATEMENT

|  | GENERAL       | MENTAL<br>RETARDATION | JOB AND<br>FAMILY<br>SERVICES | CHILDREN<br>SERVICES<br>BOARD |
|--|---------------|-----------------------|-------------------------------|-------------------------------|
| Fund Balance at December 31, 2001          | \$ 18,660,234 | \$ 7,900,466          | \$ 2,833,693                  | \$ 5,732,681                  |
| Due from Other Governments                 | -             | -                     | -                             | 565,968                       |
| Contracts Payable                          | -             | -                     | -                             | -                             |
| Notes Payable                              | -             | -                     | -                             | -                             |
| GASB 34 Adjustment:                        |               |                       |                               |                               |
| Fund Type Reclassification                 | (119,770)     | -                     | -                             | -                             |
| Adjusted Fund Balance at December 31, 2001 | \$ 18,540,464 | \$ 7,900,466          | \$ 2,833,693                  | \$ 6,298,649                  |

|  | BOND<br>RETIREMENT | BUILDING<br>CONSTRUCTION<br>AND<br>RENOVATIONS | NONMAJOR      | TOTAL         |
|--|--------------------|--|---------------|---------------|
| Fund Balance at December 31, 2001          | \$ 936,213         | \$ (30,501,816)                                | \$ 3,765,784  | \$ 9,327,255  |
| Due from Other Governments                 | -                  | -  | 4,700,446     | 5,266,414     |
| Contracts Payable                          | -                  | -  | 597,524       | 597,524       |
| Notes Payable                              | -                  | 3,650,000                                      | 6,000,000     | 9,650,000     |
| GASB 34 Adjustment:                        |                    |  |               |               |
| Fund Type Reclassification                 | (5,468)            | -  | (752,233)     | (877,471)     |
| Adjusted Fund Balance at December 31, 2001 | \$ 930,745         | \$ (26,851,816)                                | \$ 14,311,521 | \$ 23,963,722 |

GASB 34 Adjustments:

Deferred Assets:

|                            |             |
|----------------------------|-------------|
| Capital Assets             | 350,943,486 |
| Accounts Receivable        | 18,547      |
| Due From Other Governments | 31,254,843  |
| Taxes                      | 966,653     |
| Special Assessments        | 14,095,950  |

Long-term Liabilities:

|   |              |
|---|--------------|
| Accrued Wages and Benefits (Pension Obligation) | (2,556,714)  |
| Compensated Absences Payable                    | (4,990,446)  |
| General Obligation Bonds Payable                | (15,060,000) |
| Sales Tax Bonds Payable                         | (26,915,000) |
| Special Assessment Bonds Payable                | (14,294,000) |
| Notes Payable                                   | (9,650,000)  |
| Loans Payable                                   | (1,180,460)  |
| Capital Leases Payable                          | (25,047)     |
| Accrued Interest Payable                        | (235,434)    |
| Internal Service Fund                           | 3,066,701    |

Restated Government Activities Net Assets,  
December 31, 2001

\$ 349,402,801

For The Year Ended December 31, 2002

ACCOUNTABILITY AND ACCOUNTING CHANGES (continued)BUSINESS TYPE ACTIVITIES – RESTATEMENT

|  | GSC PARKING          |                      |                  |               | TOTAL                 |
|--|----------------------|----------------------|------------------|---------------|-----------------------|
|  | SEWER                | WATER                | GARAGE           | AIRPORT       |                       |
| Fund Equity at December 31, 2001         | \$111,695,044        | \$ 59,084,672        | \$ 15,755        | \$ 11,059,968 | \$ 181,855,439        |
| Capital Assets                           | (118,731)            | (42,139)             | -                | -             | (160,870)             |
| <b>GASB 34</b>                           |                      |                      |                  |               |                       |
| Accrued Interest Payable                 | (272,991)            | (125,419)            | -                | -             | (398,410)             |
| Fund Type Reclassification               | 3,722                | -                    | -                | (11,059,968)  | (11,056,246)          |
| Restated Net Assets at December 31, 2001 | <u>\$111,307,044</u> | <u>\$ 58,917,114</u> | <u>\$ 15,755</u> | <u>\$ -</u>   | <u>\$ 170,239,913</u> |

NOTE 4 DEPOSITS AND INVESTMENTSCASH

Monies held by the County are classified by State Statute into two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the County which are not considered active are classified as inactive. Inactive monies can be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. 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 securities shall be direct issuance of federal government agencies or instrumentalities;
3. 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;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the county;
5. Time certificates of deposit or savings or deposit accounts including but, not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible constitution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.



**DEPOSITS 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 County, and must be purchased with the expectation that it will be held to maturity.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At year end, the County had \$80,949 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents."

**DEPOSITS**

At year end, the carrying amount of the County's deposits was \$25,861,194 and the bank balance was \$34,880,636. Of the bank balance \$1,951,960 was covered by federal depository insurance. The remaining amounts are classified as uninsured and uncollateralized as defined by GASB Statement No. 3 entitled "Deposits with Financial Institutions, Investments and Reserve Repurchase Agreements."

Although collateral for the deposits was held by the pledging financial institutions' trust department in the County's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation.

**INVESTMENTS**

The County's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or the County's agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held in the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. Funds on deposit in long-term Money Market accounts and the STAROhio fund are not categorized since they are not evidenced by securities that exist in physical or book entry form.

The County does not present a carrying value column because the investments' carrying value equals the fair value in accordance with GASB Statement No. 31:

|                                       | Category 3           | Fair Value            |
|---------------------------------------|----------------------|-----------------------|
| Federal Farm Credit Bank              | \$ 8,473,277         | \$ 8,723,884          |
| Federal Home Loan Bank                | 14,141,038           | 14,514,845            |
| Federal Home Loan Mortgage            | 19,938,867           | 20,280,883            |
| Federal National Mortgage Association | 30,431,450           | 30,676,908            |
| Money Market Mutual Fund              | -                    | 17,567,670            |
| STAROhio                              | -                    | 13,321,990            |
| <b>Totals</b>                         | <b>\$ 72,984,632</b> | <b>\$ 105,086,180</b> |

Notes to the Basic Financial Statements  
(continued)

For The Year Ended December 31, 2002

**DEPOSITS AND INVESTMENTS (continued)**

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and cash equivalents, and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

|  | Cash and Cash<br>Equivalents/Deposits | Investments   |
|--|---------------------------------------|---------------|
| GASB Statement No. 9                   | \$ 130,628,323                        | \$ 400,000    |
| Cash on Hand                           | (80,949)                              | -             |
| Investments:                           |                                       |               |
| Certificates of Deposit                | 400,000                               | (400,000)     |
| Federal Farm Credit Bank               | (8,723,884)                           | 8,723,884     |
| Federal Home Loan Bank                 | (14,514,845)                          | 14,514,845    |
| Federal Home Loan Mortgage Corporation | (20,280,883)                          | 20,280,883    |
| Federal National Mortgage Association  | (30,676,908)                          | 30,676,908    |
| Money Market Mutual Fund               | (17,567,670)                          | 17,567,670    |
| STAROhio                               | (13,321,990)                          | 13,321,990    |
| GASB Statement No. 3                   | \$ 25,861,194                         | \$105,086,180 |

**NOTE 5 PROPERTY TAXES**

Property taxes include amounts levied against real, public utility, and tangible personal property. The assessed value by property classification upon which the 2002 collection year was based is as follows:

|                                  |                  |
|----------------------------------|------------------|
| Real Property                    | \$ 5,144,613,220 |
| Tangible Personal Property       | 766,473,543      |
| Public Utility Personal Property | 237,777,970      |
| Total                            | \$ 6,148,864,733 |

Ohio law prohibits taxation of property by all overlapping taxing authorities in excess of 10 mills per dollar of assessed value without a vote of the people. Presently, the County levies 1.92 mills of this 10 mill limit. In addition to the 1.92 mills, voted levies in the amount of 6.83 mills have been approved for the Children Services Board, Mental Health Board, Mental Retardation Board, Senior Citizens Services and Miami Conservancy. A summary of voted levies follows:

| Purpose                     | Voter Levy<br>Date | Final<br>Authorized<br>Rate | Current<br>R/A | Year<br>C/I | Levy<br>Year |
|-----------------------------|--------------------|-----------------------------|----------------|-------------|--------------|
| Mental Retardation Board I  | 1994               | 0.50                        | 0.13           | 0.21        | 2003         |
| Mental Retardation Board II | 1994               | 0.50                        | 0.22           | 0.29        | 2003         |
| Mental Retardation Board II | 2000               | 2.00                        | 1.70           | 1.85        | Continuing   |
| Mental Health Board         | 1994               | 0.50                        | 0.25           | 0.30        | 2004         |
| Children Services Board     | 1999               | 2.00                        | 1.03           | 1.29        | 2004         |
| Miami Conservancy           | 1976               | 0.03                        | .03            | .03         | Continuing   |
| Senior Citizens             | 2001               | 1.30                        | 1.12           | 1.20        | 2006         |
| Total                       |                    | 6.83                        | 4.48           | 5.17        |              |

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to authorized voted levies so that each levy yields the same amount of property taxes as in the year in which the levy was approved.

Increases to voted levy revenues are restricted to assessments for new construction. The reduction factors are computed annually and applied separately for (R/A) residential/agricultural property and (C/I) commercial/industrial property.

Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are

PROPERTY TAXES (continued)

established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The most recent update was completed during 1999 and new values resulting from the county-wide appraisal were effective January 1, 2000. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable June 20, unless extended.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values as of December 31, of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value for capital assets and 24 percent of true value for inventory.

Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30 with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same date as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2002 and for which there is an enforceable legal claim. In the General, Mental Health, Mental Retardation, Elderly Services and Children Services Funds the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2002 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 6 PERMISSIVE SALES TAX

In 2002, \$16,642,460 of permissive sales tax was received into the General Fund based upon a permanent one-half percent tax on all retail sales made in the County. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

NOTE 7 RECEIVABLES

Receivables at December 31, 2002, consisted of taxes, unpaid utilities, loans, notes, special assessments, interfund receivables, interest and intergovernmental receivables arising from grants, entitlements, and shared revenues. Loans receivable represent low-interest loans for development projects and home improvements granted to eligible County residents and businesses under the Federal Community Development Block Grant Program. The loans bear interest at annual rates between two and five percent. The loans are to be repaid over periods ranging from two to five years. All receivables are considered collectable in full, including amounts receivable which, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Special assessments expected to be collected in more than one year for the County amount to \$11,742,197. The County has \$223,097 in delinquent special assessments at December 31, 2002.

Notes to the Basic Financial Statements  
(continued)

For The Year Ended December 31, 2002

RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

| <u>GOVERNMENTAL ACTIVITIES</u>         | <u>Amount</u>               |
|--|-----------------------------|
| Ohio Children's Trust                  | \$ 32,639                   |
| LMB Grant                              | 27,276                      |
| Permissive Tax                         | 2,784,959                   |
| Indigent Defense Reimbursement         | 448,690                     |
| Board of Prisoners                     | 75,519                      |
| Rent                                   | 39,792                      |
| All Other                              | 617,090                     |
| Motor Vehicle License Tax              | 3,648,808                   |
| Motor Vehicle Permissive Tax           | 204,606                     |
| Gasoline Tax                           | 664,552                     |
| Medicaid/Medicare                      | 1,459,115                   |
| CSEA Pounding                          | 79,527                      |
| Prison Diversion Grant                 | 358,302                     |
| Jail Diversion Grant                   | 53,236                      |
| CBCF Subsidy                           | 1,257,369                   |
| Community Corrections Grant            | 721,153                     |
| Felony Delinquent Care & Custody Grant | 137,224                     |
| Victims of Crime                       | 83,257                      |
| Core Over/Under Grant                  | 1,779,832                   |
| Entitlement Grant                      | 2,954,435                   |
| FEMA Grant                             | 279,028                     |
| Per Capita Grant                       | 1,060,367                   |
| SAPT Block Grant                       | 181,386                     |
| TASC Program                           | 80,137                      |
| SMB Subsidy                            | 577,254                     |
| 408 Flex Grant                         | 1,546,355                   |
| Community Plan Block Grant             | 93,850                      |
| Forensic Subsidy                       | 87,750                      |
| Title XIX                              | 555,429                     |
| Title XX                               | 109,832                     |
| Waiver Administration                  | 177,313                     |
| Title VI-B                             | 85,008                      |
| Case Management                        | 94,293                      |
| Welfare To Work                        | 1,797,180                   |
| Public Assistance Grant                | 12,449,743                  |
| Title VI-E FCM                         | 1,438,029                   |
| State Child Allocation                 | 649,799                     |
| Tax Incremental Financing              | 12,322,758                  |
| Twelfth District Court Reimbursements  | 267,622                     |
| Local Government                       | <u>3,014,955</u>            |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>   | <b><u>54,295,469</u></b>    |
| <br><u>BUSINESS TYPE ACTIVITIES</u>    |                             |
| Ohio Public Works Grant                | <u>118,877</u>              |
| <b>TOTAL BUSINESS TYPE ACTIVITIES</b>  | <b><u>118,877</u></b>       |
| <br><u>AGENCY FUND ACTIVITIES</u>      |                             |
| Local Government                       | 14,179,335                  |
| Motor Vehicle License Tax              | 1,110,778                   |
| Permissive Tax                         | 128,106                     |
| Gasoline Tax                           | 312,512                     |
| Court Fines and Fees                   | <u>12,843</u>               |
| <b>TOTAL AGENCY FUND ACTIVITIES</b>    | <b><u>15,743,574</u></b>    |
| <br><b>GRAND TOTAL</b>                 | <b><u>\$ 70,157,920</u></b> |

Notes to the Basic Financial Statements  
(continued)

For The Year Ended December 31, 2002

**NOTE 8 CAPITAL ASSETS**

Primary Government Capital asset activity for the year ended December 31, 2002, was as follows:

|   | Restated<br>Balance<br>12/31/01 | Additions            | Deletions              | Balance<br>12/31/02   |
|---|---------------------------------|----------------------|------------------------|-----------------------|
| <b>Governmental Activities</b>                            |                                 |                      |                        |                       |
| <b>Nondepreciable Capital Assets:</b>                     |                                 |                      |                        |                       |
| Land  | \$ 5,869,736                    | \$ 655,297           | \$ (150)               | \$ 6,524,883          |
| <b>Infrastructure:</b>                                    |                                 |                      |                        |                       |
| Roads   | 150,263,714                     | 2,647,438            | -                      | 152,911,152           |
| Bridges   | 64,737,390                      | 58,663               | -                      | 64,796,053            |
| Culverts  | 14,409,881                      | -                    | -                      | 14,409,881            |
| Construction in Progress                                  | 34,299,860                      | 18,951,799           | (52,222,182)           | 1,029,477             |
| <b>Total Nondepreciable Capital Assets</b>                | <b>269,580,581</b>              | <b>22,313,197</b>    | <b>(52,222,332)</b>    | <b>239,671,446</b>    |
| <b>Capital Assets being depreciated:</b>                  |                                 |                      |                        |                       |
| Land Improvements   | 6,754,206                       | 65,991               | -                      | 6,820,197             |
| Building and Improvements                                 | 85,189,626                      | 35,896,158           | (226,845)              | 120,858,939           |
| Furniture, Fixtures and Equipment                         | 9,886,151                       | 13,260,403           | (43,000)               | 23,103,554            |
| Vehicles  | 7,278,726                       | 678,259              | (71,823)               | 7,885,162             |
| <b>Total Depreciable Capital Assets</b>                   | <b>109,108,709</b>              | <b>49,900,811</b>    | <b>(341,668)</b>       | <b>158,667,852</b>    |
| <b>Less Accumulated Depreciation for:</b>                 |                                 |                      |                        |                       |
| Land Improvements   | (804,079)                       | (155,787)            | -                      | (959,866)             |
| Building and Improvements                                 | (19,417,823)                    | (3,558,837)          | 87,645                 | (22,889,015)          |
| Furniture, Fixtures and Equipment                         | (2,863,603)                     | (1,751,230)          | 10,750                 | (4,604,083)           |
| Vehicles  | (4,660,299)                     | (681,540)            | 42,207                 | (5,299,632)           |
| <b>Total Accumulated Depreciation</b>                     | <b>(27,745,804)</b>             | <b>(6,147,394)</b>   | <b>140,602</b>         | <b>(33,752,596)</b>   |
| <b>Total Depreciable Capital Assets, Net</b>              | <b>81,362,905</b>               | <b>43,753,417</b>    | <b>(201,066)</b>       | <b>124,915,256</b>    |
| <b>Total Governmental Activities Capital Assets, Net</b>  | <b>\$ 350,943,486</b>           | <b>\$ 66,066,614</b> | <b>\$ (52,423,398)</b> | <b>\$ 364,586,702</b> |
| <b>Business-Type Activities</b>                           |                                 |                      |                        |                       |
| <b>Nondepreciable Capital Assets:</b>                     |                                 |                      |                        |                       |
| Land  | \$ 911,360                      | \$ 72,000            | \$ -                   | \$ 983,360            |
| Construction in Progress                                  | 42,285,806                      | 7,764,987            | (6,512,760)            | 43,538,033            |
| <b>Total Nondepreciable Capital Assets</b>                | <b>43,197,166</b>               | <b>7,836,987</b>     | <b>(6,512,760)</b>     | <b>44,521,393</b>     |
| <b>Capital Assets being depreciated:</b>                  |                                 |                      |                        |                       |
| Land Improvements   | 1,723,010                       | -                    | -                      | 1,723,010             |
| Building and Improvements                                 | 47,042,397                      | 140,341              | -                      | 47,182,738            |
| Furniture, Fixtures and Equipment                         | 31,306,603                      | 698,349              | -                      | 32,004,952            |
| Vehicles  | 1,662,141                       | 218,056              | -                      | 1,880,197             |
| Water and Sewer Mains                                     | 182,664,074                     | 14,159,374           | -                      | 196,823,448           |
| <b>Total Depreciable Capital Assets</b>                   | <b>264,398,225</b>              | <b>15,216,120</b>    | <b>-</b>               | <b>279,614,345</b>    |
| <b>Less Accumulated Depreciation for:</b>                 |                                 |                      |                        |                       |
| Land Improvements   | (660,715)                       | (67,005)             | -                      | (727,720)             |
| Building and Improvements                                 | (9,132,324)                     | (1,706,519)          | -                      | (10,838,843)          |
| Furniture, Fixtures and Equipment                         | (14,829,161)                    | (1,914,850)          | -                      | (16,744,011)          |
| Vehicles  | (1,474,087)                     | (112,128)            | -                      | (1,586,215)           |
| Water and Sewer Mains                                     | (54,030,287)                    | (4,831,603)          | -                      | (58,861,890)          |
| <b>Total Accumulated Depreciation</b>                     | <b>(80,126,574)</b>             | <b>(8,632,105)</b>   | <b>-</b>               | <b>(88,758,679)</b>   |
| <b>Total Depreciable Capital Assets, Net</b>              | <b>184,271,651</b>              | <b>6,584,015</b>     | <b>-</b>               | <b>190,855,666</b>    |
| <b>Total Business-Type Activities Capital Assets, Net</b> | <b>\$ 227,468,817</b>           | <b>\$ 14,421,002</b> | <b>\$ (6,512,760)</b>  | <b>\$ 235,377,059</b> |

**CAPITAL ASSETS (continued)**

Depreciation expense was charged to governmental functions as follows:

|  |                     |
|--|---------------------|
| Governmental Activities:                           |                     |
| General Government                                 |                     |
| Legislative and Executive                          | \$ 2,075,580        |
| Judicial   | 312,153             |
| Public Safety                                      | 2,238,260           |
| Public Works                                       | 527,049             |
| Health   | -                   |
| Mental Health                                      | 7,622               |
| Mental Retardation                                 | 722,936             |
| Other Health                                       | 13,222              |
| Human Services                                     | -                   |
| Children Services Board                            | 76,318              |
| County Care Facility                               | 63,413              |
| Job and Family Services                            | 46,633              |
| Other Human Services                               | 64,208              |
| Total Depreciation Expense-Governmental Activities | <u>\$ 6,147,394</u> |

**NOTE 9 RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; damage to, theft of, or destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2002 the County contracted with County Risk Sharing Authority Inc. (CORSA) (a risk sharing pool - see Note 20) for liability, property, and crime damage. Coverage provided by the pool is as follows:

**Property**

Blanket all risks of direct physical loss or damage  
\$100,000,000 Annual Aggregate pool limit for flood and earthquake

**Liability**

|                                |              |
|--------------------------------|--------------|
| Automobile Liability           | \$ 6,000,000 |
| Uninsured Motorist             | 250,000      |
| General Liability              | 6,000,000    |
| Stop Gap Liability             | 1,000,000    |
| Law Enforcement Liability      | 6,000,000    |
| Errors and Omissions Liability | 6,000,000    |

**Crime**

|  |           |
|--|-----------|
| Employee Dishonesty/Faithful Performance | 1,000,000 |
| Money and Securities (inside)            | 1,000,000 |
| Money and Securities (outside)           | 1,000,000 |
| Money Orders and Counterfeit Currency    | 1,000,000 |
| Depositor's Forgery                      | 1,000,000 |

**Boiler and Machinery**

100,000,000

**Deductible**

|   |        |
|---|--------|
| General, Law Enforcement and Public Officials | 25,000 |
| Each and every loss/claim and/or occurrence   | 5,000  |

Settled claims have not exceeded coverage in any of the last three years. The County has had no reduction in coverage in 2002.

The County has elected to provide health care benefits for its employees through a self-insured program. Premiums are paid into an internal service fund by all funds having compensated employees, calculated solely on the demographics of the group. The monies paid into the Employee Health Benefit internal service fund are available to pay claims, claim reserves, and administrative costs. The plan is administered by an outside firm who monitors all claim payments.

Notes to the Basic Financial Statements  
(continued)

For The Year Ended December 31, 2002

RISK MANAGEMENT (continued)

The County has workers' compensation coverage for all employees. The merit-rated premium for workers' compensation for the calendar year 2002 would have been approximately \$1,159,749. Based on that, the minimum premium percentage due would be \$243,304 (21%) with maximum aggregate liability, at the 200% stop-loss level, equal to \$2,319,498. The County's year end liability for unpaid claims costs was \$2,397,033. The County maintains a retrospective rating plan for workers' compensation insurance. (See Note 2).

The County has a self-insurance internal service fund to account for its workers' compensation self-insured activity. Claims, liabilities and expenses are estimated through a case by case review of all claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The historical changes in claims payable during years December 31, 1998, 1999, 2000, 2001 and 2002 are:

|      | Beginning of<br>Year Liability | Current Year Claims<br>And Changes in<br>Estimates | Claims<br>Payments | End of Year<br>Liability |
|------|--------------------------------|--|--------------------|--------------------------|
| 1998 | \$ 2,461,645                   | \$ (219,338)                                       | \$ 279,657         | \$ 1,962,650             |
| 1999 | 1,962,650                      | 215,787  | 367,460            | 1,810,977                |
| 2000 | 1,810,977                      | 272,290  | 159,979            | 1,923,288                |
| 2001 | 1,923,288                      | 467,168  | 374,789            | 2,015,667                |
| 2002 | 2,015,667                      | 923,901  | 183,282            | 2,756,286                |

NOTE 10 CAPITAL LEASES

The Butler County Care Facility has entered into a Capital Lease for a modular facility. The lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statement for the governmental funds. The modular facility acquired by lease is included in the governmental activities general capital assets in the amount of \$87,215, which is equal to the present value of the future minimum lease payments at the time of the acquisition. A corresponding liability is included in the governmental activities long term debt liabilities. Principal payments in 2002 totaled \$1,699. Future minimum lease payments are as follows:

| YEAR  | AMOUNT     |
|---|------------|
| 2003  | \$ 22,086  |
| 2004  | 20,386     |
| 2005  | 20,386     |
| 2006  | 20,386     |
| 2007  | 16,989     |
| TOTAL                                       | \$ 100,233 |
| Less Amount Representing Interest           | ( 14,717)  |
| Present Value of Net Minimum Lease Payments | \$ 85,516  |

The asset acquired through the capital lease is as follows:

| Asset:           | Asset<br>Value | Accumulated<br>Depreciation | Net Book<br>Value |
|------------------|----------------|-----------------------------|-------------------|
| Modular Facility | \$ 87,215      | \$ -                        | \$ 87,215         |
| Totals           | \$ 87,215      | \$ -                        | \$ 87,215         |

**NOTE 11 DEFINED BENEFIT PENSION PLANS**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

All Butler County employees, other than teachers, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan, administered by the Ohio 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 which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)222-6075 or 1-800-222-PERS(7377).

Plan members, other than those engaged in law enforcement and public safety, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations; law enforcement division employees contribute 10.10 percent and public safety division employees contribute 9 percent. The 2002 employer pension contribution rate for the County was 8.55 percent of covered payroll, decreased from 9.25 percent in 2001. The County contribution for law enforcement employees for 2002 was 11.7 percent, down from 12.4 percent for 2001. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's contributions for pension obligations to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$6,802,619, \$7,047,493 and \$4,786,722 respectively. 75 percent has been contributed for 2002 and 100 percent has been contributed for 2001 and 2000.

**STATE TEACHERS RETIREMENT SYSTEM (STRS)**

Certified teachers employed by the school for Mental Retardation and Developmental Disabilities participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the year ended December 31, 2002 plan members were required to contribute 9.3 percent of their annual covered salary and the County was required to contribute 14 percent of which 9.5 percent was used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions for pension obligations to STRS for the years ended December 31, 2002, 2001, and 2000 were \$166,726, \$179,912 and \$115,139 respectively. The full amount has been contributed for 2001 and 2000. 92 percent of the obligation has been contributed for 2002.

**NOTE 12 POSTEMPLOYMENT BENEFITS**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

The Ohio Public Employees Retirement System (OPERS) provides post retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor 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, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety with separate employee contribution rates and benefits. The employer contribution rate for 2002 was 13.55 percent of covered payroll for employees not engaged in law enforcement; 5 percent was the



POSTEMPLOYMENT BENEFITS (continued)

portion that was used to fund health care. The employer contribution rate for both law enforcement and public safety division employees for 2002 was 16.7 percent; 5 percent was used to fund health care.

Post retirement health care benefits are advance funded using an entry age normal actuarial cost method of valuation. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. Significant actuarial assumption based on OPERS latest Actuarial Review performed as of December 31, 2001, include a rate of return on investments of 8.00 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 value. 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.

The number of active contributing participants was 402,041. The County's actual contributions for 2002 which were used to fund postemployment benefits were \$3,832,277. The actual contribution and the actuarially required contributions amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarially accrued liability were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

For 2002, OPERS elected an actuarially pre-funded type of disclosure because it is a better presentation of OPERS' actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$78,975 for 2002.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund at June 30, 2001, (the latest information available) was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and there were 102,132 eligible benefit recipients.

**NOTE 13 OTHER EMPLOYEE BENEFITS**

**COMPENSATED ABSENCES**

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County. Unused vacation time may be accumulated, with the approval of the appointing authority, to a maximum of three one-year accruals. All accumulated, unused compensatory time is paid upon separation. Accumulated, unused sick leave is paid at varying rates depending on length of service to employees who retire.

**HEALTH CARE BENEFITS**

The County has elected to provide employee medical/surgical benefits through the CIGNA Health Care Plan. The employees share in the cost of the monthly premium with the County. The premium varies with the employee depending on the type of coverage selected (single, single plus one, or family). Dental insurance is provided to all employees as a function of the health care plan through the Metropolitan Insurance Company.

**NOTE 14 DEFEASANCE OF REVENUE BONDS**

**IN-SUBSTANCE DEFEASANCE OF WATERWORKS REVENUE BONDS**

Effective November 1, 1989 the County entered into an Escrow Trust Agreement with the First National Bank of Southwestern Ohio. The agreement provides that the County deposit \$1,067,973 from operating revenues into an irrevocable trust with the bank for the payment to final maturity of outstanding revenue bonds from the U.S. Treasury obligations in substitution of the revenues of the waterworks system. The funds deposited, together with interest earned thereon, shall be sufficient to pay annual bond principal and semiannual interest payments, thus providing an in-substance defeasance. The (in-substance) defeasance has occurred for the following waterworks revenue bonds:

| Name of Revenue Bond Issues                                    | Original Issue | Unmatured and Unpaid at December 31, 2002 |
|--|----------------|---|
| Madison-Wayne Township Sewer District-Dated June 1, 1964       | \$ 350,000     | \$ 54,000                                 |
| Greater Eastern Union Township Series A-Dated December 1, 1964 | 250,000        | 20,000                                    |
| Eastern Union Township Sewer District Dated April 1, 1964      | 900,000        | 95,000                                    |
| Fairfield Liberty Sewer District Number 2-Dated April 1, 1968  | 525,000        | 195,000                                   |

**IN-SUBSTANCE DEFEASANCE OF SEWER SYSTEM REVENUE BONDS**

In December 2002, the 1992 Sewer System Revenue Bonds that were previously defeased, were called in accordance with the Official Statement and Bond Indenture. The indenture stated that the bonds could be called on December 1, 2002 at the price of par plus a premium of 1%. The bonds were called and a payment of \$14,838,018.75 was made from the escrow trust account.

**IN-SUBSTANCE DEFEASANCE OF WATER SYSTEM REVENUE BONDS**

In December 2002, the 1992 Water System Revenue Bonds that were previously defeased, were called in accordance with the Official Statement and Bond Indenture. The indenture stated that the bonds could be called on December 1, 2002 at the price of par plus a premium of 1%. The bonds were called and a payment of \$2,634,350.00 was made from the escrow trust account.

Notes to the Basic Financial Statements  
(continued)

For The Year Ended December 31, 2002

**NOTE 15 LONG-TERM OBLIGATIONS**

Changes in the County's long-term obligations during the year consist of the following:

**GOVERNMENTAL ACTIVITIES**

**GENERAL OBLIGATION BONDS**

| Year Issued  | Description              | Interest Rate  | Original Issue | Balance 1/01/02     | Additions           | Reductions          | Balance 12/31/02    | Amount Due in One Year |
|--|--------------------------|----------------|----------------|---------------------|---------------------|---------------------|---------------------|------------------------|
| 1992   | Phone System             | 3.000 - 5.500% | \$ 525,000     | \$ 65,000           | \$ -                | \$ (65,000)         | \$ -                | \$ -                   |
| 1996   | Various Purpose          | 4.000 - 4.800% | 7,795,000      | 6,660,000           | -                   | (300,000)           | 6,360,000           | 315,000                |
| 1997   | Gov't Services Center    | 4.000 - 5.000% | 8,915,000      | 8,335,000           | -                   | (305,000)           | 8,030,000           | 320,000                |
| 2002   | Adult Detention Facility | 1.430 - 5.250% | 29,875,000     | -                   | 29,875,000          | -                   | 29,875,000          | 820,000                |
| 2002   | Fiber Optic Ring         | 1.430 - 5.250% | 2,745,000      | -                   | 2,745,000           | -                   | 2,745,000           | 75,000                 |
| Sub-total General Obligation Bonds   |                          |                |                | \$15,060,000        | \$32,620,000        | \$ (670,000)        | \$47,010,000        | \$ 1,530,000           |
| Add: Deferred Amounts for Premium Amortization on the 2002 Adult Detention Facility Bond |                          |                |                | -                   | 1,980,937           | -                   | 1,980,937           | -                      |
| Add: Deferred Amounts for Premium Amortization on the 2002 Fiber Optic Ring Bond         |                          |                |                | -                   | 182,524             | -                   | 182,524             | -                      |
| <b>Total General Obligation Bonds</b>  |                          |                |                | <b>\$15,060,000</b> | <b>\$34,783,461</b> | <b>\$ (670,000)</b> | <b>\$49,173,461</b> | <b>\$ 1,530,000</b>    |

**SALES TAX BONDS**

| Year Issued                  | Description        | Interest Rate  | Original Issue | Balance 1/01/02     | Additions   | Reductions          | Balance 12/31/02    | Amount Due in One Year |
|------------------------------|--------------------|----------------|----------------|---------------------|-------------|---------------------|---------------------|------------------------|
| 1997                         | Govt. Svcs. Center | 4.000 - 5.000% | \$28,730,000   | \$26,915,000        | \$ -        | \$ (990,000)        | \$25,925,000        | \$ 1,035,000           |
| <b>Total Sales Tax Bonds</b> |                    |                |                | <b>\$26,915,000</b> | <b>\$ -</b> | <b>\$ (990,000)</b> | <b>\$25,925,000</b> | <b>\$ 1,035,000</b>    |

**SPECIAL ASSESSMENT BONDS**

| Year Issued                           | Description                          | Interest Rate  | Original Issue | Balance 1/01/02     | Additions   | Reductions          | Balance 12/31/02    | Amount Due in One Year |
|---------------------------------------|--------------------------------------|----------------|----------------|---------------------|-------------|---------------------|---------------------|------------------------|
| 1982                                  | 1982 Sanitary Water And Sewer System | 12.250%        | \$ 1,300,000   | \$ 65,000           | \$ -        | \$ (65,000)         | \$ -                | \$ -                   |
| 1983                                  | 1983 Water and Sewer                 | 9.500%         | 172,000        | 15,000              | -           | (5,000)             | 10,000              | 10,000                 |
| 1984                                  | 1984 Sewer                           | 10.000%        | 57,681         | 9,000               | -           | (3,000)             | 6,000               | 3,000                  |
| 1985                                  | 1985 Water and Sewer                 | 9.125%         | 640,000        | 130,000             | -           | (35,000)            | 95,000              | 30,000                 |
| 1986                                  | 1986 Water System                    | 8.000%         | 40,964         | 10,000              | -           | (2,000)             | 8,000               | 2,000                  |
| 1988                                  | 1988 Water System                    | 7.750%         | 55,040         | 20,000              | -           | (3,000)             | 17,000              | 3,000                  |
| 1989                                  | 1989 Water System                    | 7.375%         | 90,369         | 45,000              | -           | (5,000)             | 40,000              | 5,000                  |
| 1992                                  | 1992 Cox Road                        | 3.150 - 6.400% | 560,000        | 345,000             | -           | (30,000)            | 315,000             | 30,000                 |
| 1992                                  | 1992 Beacon Pt. Sewer                | 3.150 - 6.400% | 435,000        | 270,000             | -           | (25,000)            | 245,000             | 25,000                 |
| 1992                                  | 1992 Greencrest Sewer                | 3.150 - 6.400% | 300,000        | 185,000             | -           | (15,000)            | 170,000             | 15,000                 |
| 1994                                  | Wetherington Infrastructure          | 4.000 - 6.250% | 2,045,000      | 1,585,000           | -           | (85,000)            | 1,500,000           | 90,000                 |
| 1995                                  | Tyler's Place Boulevard              | 3.100 - 4.900% | 810,000        | 370,000             | -           | (85,000)            | 285,000             | 90,000                 |
| 1996                                  | Union Centre Boulevard               | 4.000 - 5.800% | 300,000        | 170,000             | -           | (30,000)            | 140,000             | 30,000                 |
| 2000                                  | Mulhauser                            | 4.350 - 5.650% | 6,860,000      | 6,665,000           | -           | (265,000)           | 6,400,000           | 275,000                |
| 2000                                  | Lakota Drive                         | 4.350 - 5.650% | 355,000        | 345,000             | -           | (10,000)            | 335,000             | 10,000                 |
| 2000                                  | Union Centre                         | 4.350 - 5.650% | 1,045,000      | 1,020,000           | -           | (35,000)            | 985,000             | 35,000                 |
| 2001                                  | Union Centre Project Phase 1 and 3   | 2.400 - 5.100% | 3,045,000      | 3,045,000           | -           | (85,000)            | 2,960,000           | 110,000                |
| <b>Total Special Assessment Bonds</b> |                                      |                |                | <b>\$14,294,000</b> | <b>\$ -</b> | <b>\$ (783,000)</b> | <b>\$13,511,000</b> | <b>\$ 763,000</b>      |

Notes to the Basic Financial Statements  
(continued)

For The Year Ended December 31, 2002

**LONG-TERM OBLIGATIONS (continued)****OPWC (OHIO PUBLIC WORKS COMMISSION) LOANS**

| Year Issued             | Description | Interest Rate | Original Issue | Balance 1/01/02     | Additions   | Reductions         | Balance 12/31/02    | Amount Due in One Year |
|-------------------------|-------------|---------------|----------------|---------------------|-------------|--------------------|---------------------|------------------------|
| 1998                    | Mulhauser   | 2.0%          | \$ 1,811,520   | \$ 1,180,460        | \$ -        | \$ (76,984)        | \$ 1,103,476        | \$ 78,531              |
| <b>Total OPWC Loans</b> |             |               |                | <b>\$ 1,180,460</b> | <b>\$ -</b> | <b>\$ (76,984)</b> | <b>\$ 1,103,476</b> | <b>\$ 78,531</b>       |

**LONG TERM NOTES**

| Year Issued                   | Description                    | Interest Rate | Original Issue | Balance 1/01/02     | Additions           | Reductions           | Balance 12/31/02    | Amount Due in One Year |
|-------------------------------|--------------------------------|---------------|----------------|---------------------|---------------------|----------------------|---------------------|------------------------|
| 2002                          | CSB Expansion                  | 1.81%         |                | \$ 2,225,000        | \$ 2,310,000        | \$ (2,225,000)       | \$ 2,310,000        | \$ 2,310,000           |
| 2002                          | Juvenile Detention Expansion A | 1.81%         |                | 1,425,000           | 1,480,000           | (1,425,000)          | 1,480,000           | 1,480,000              |
| 2002                          | Computers / Software           | 1.81%         |                | 3,000,000           | 3,585,000           | (3,000,000)          | 3,585,000           | 3,585,000              |
| 2002                          | Airport Construction           | 2.38%         |                | 1,000,000           | 2,030,000           | (1,000,000)          | 2,030,000           | 2,030,000              |
| 2002                          | Symmes Road Construction       | 2.02%         |                | 2,000,000           | 2,060,000           | (2,000,000)          | 2,060,000           | 2,060,000              |
| <b>Total Long Terms Notes</b> |                                |               |                | <b>\$ 9,650,000</b> | <b>\$11,465,000</b> | <b>\$(9,650,000)</b> | <b>\$11,465,000</b> | <b>\$11,465,000</b>    |

**OTHER PAYABLES**

| Description                  | Balance 1/01/02     | Additions           | Reductions           | Balance 12/31/02    | Amount Due in One Year |
|------------------------------|---------------------|---------------------|----------------------|---------------------|------------------------|
| Capital Leases Payable       | \$ 25,047           | \$ 87,215           | \$ (26,746)          | \$ 85,516           | \$ 16,561              |
| Compensated Absences Payable | 5,003,703           | 4,598,751           | (4,128,510)          | 5,473,944           | 1,913,705              |
| <b>Total Other Payables</b>  | <b>\$ 5,028,750</b> | <b>\$ 4,685,966</b> | <b>\$(4,155,256)</b> | <b>\$ 5,559,460</b> | <b>\$ 1,930,266</b>    |

**TOTAL GOVERNMENTAL ACTIVITIES**

| Description                          | Balance 1/01/02     | Additions           | Reductions            | Balance 12/31/02     | Amount Due in One Year |
|--------------------------------------|---------------------|---------------------|-----------------------|----------------------|------------------------|
| <b>Total Governmental Activities</b> | <b>\$72,128,210</b> | <b>\$50,934,427</b> | <b>\$(16,325,240)</b> | <b>\$106,737,397</b> | <b>\$16,801,797</b>    |

**BUSINESS TYPE ACTIVITIES****GENERAL OBLIGATION BONDS**

| Year Issued                           | Description   | Interest Rate | Original Issue | Balance 1/01/02     | Additions   | Reductions          | Balance 12/31/02  | Amount Due in One Year |
|---------------------------------------|---|---------------|----------------|---------------------|-------------|---------------------|-------------------|------------------------|
| 1986                                  | Sanitary Sewer  | 7.13%         | \$4,500,000    | \$ 1,137,784        | \$ -        | \$ (225,000)        | \$ 912,784        | \$ 225,000             |
|                                       | Add: Deferred Amounts For Premium Amortization on the 1986 Sanitary Sewer |               |                | 7,182               | -           | (1,598)             | 5,584             | -                      |
| <b>Total General Obligation Bonds</b> |   |               |                | <b>\$ 1,144,966</b> | <b>\$ -</b> | <b>\$ (226,598)</b> | <b>\$ 918,368</b> | <b>\$ 225,000</b>      |

**WATER JUDGEMENT BONDS**

| Year Issued                        | Description   | Interest Rate  | Original Issue | Balance 1/01/02 | Additions           | Reductions  | Balance 12/31/02    | Amount Due in One Year |
|------------------------------------|---|----------------|----------------|-----------------|---------------------|-------------|---------------------|------------------------|
| 2002                               | Water Judgement Bonds   | 1.550 - 5.250% | \$35,030,000   | \$ -            | \$35,030,000        | \$ -        | \$35,030,000        | \$ 60,000              |
|                                    | Add: Deferred Amounts For Premium Amortization on the 2002 Water Judgement Bond |                |                | -               | 522,419             | -           | 522,419             |                        |
| <b>Total Water Judgement Bonds</b> |   |                |                | <b>\$ -</b>     | <b>\$35,552,419</b> | <b>\$ -</b> | <b>\$35,552,419</b> | <b>\$ 60,000</b>       |

Notes to the Basic Financial Statements  
(continued)

For The Year Ended December 31, 2002

LONG-TERM OBLIGATIONS (continued)REVENUE BONDS

| Year Issued | Description                         | Interest Rate | Original Issue | Balance 1/01/02 | Additions | Reductions     | Balance 12/31/02 | Amount Due in One Year |
|-------------|-------------------------------------|---------------|----------------|-----------------|-----------|----------------|------------------|------------------------|
| 1996        | Water                               | 3.60 - 5.45%  | \$17,670,000   | \$15,560,000    | \$ -      | \$ (475,000)   | \$15,085,000     | \$ 495,000             |
| 1999        | Water                               | 3.00 - 5.00%  | 17,140,000     | 15,680,000      | -         | (695,000)      | 14,985,000       | 720,000                |
|             | Sub-total Water                     |               |                | \$31,240,000    | \$ -      | \$ (1,170,000) | \$30,070,000     | \$ 1,215,000           |
| 1992        | Sewer                               | 6.10%         | 8,950,000      | 1,505,000       | -         | (1,050,000)    | 455,000          | 455,000                |
| 1996        | Sewer                               | 3.50 - 5.70%  | 16,645,000     | 14,715,000      | -         | (440,000)      | 14,275,000       | 460,000                |
| 1997        | Sewer                               | 4.00 - 5.25%  | 2,380,000      | 2,080,000       | -         | (90,000)       | 1,990,000        | 95,000                 |
| 1998        | Sewer                               | 4.00 - 5.25%  | 23,050,000     | 22,045,000      | -         | (320,000)      | 21,725,000       | 995,000                |
| 1999        | Sewer                               | 3.20 - 5.10%  | 28,160,000     | 26,260,000      | -         | (1,000,000)    | 25,260,000       | 1,035,000              |
|             | Sub-total Sewer                     |               |                | \$66,605,000    | \$ -      | \$ (2,900,000) | \$63,705,000     | \$ 3,040,000           |
|             | Less: Deferred Amounts for Issuance |               |                | (3,368)         | -         | 1,683          | (1,685)          | -                      |
|             | Discounts on The 1992 Sewer Bond    |               |                |                 |           |                |                  |                        |
|             | Total Sewer                         |               |                | \$66,601,632    | \$ -      | \$ (2,898,317) | \$63,703,315     | 4,255,000              |
|             | Total Revenue Bonds                 |               |                | \$97,841,632    | \$ -      | \$ (4,068,317) | \$93,773,315     | \$ 4,255,000           |

OTHER PAYABLES

| Description                  | Balance 1/01/02 | Additions  | Reductions   | Balance 12/31/02 | Amount Due in One Year |
|------------------------------|-----------------|------------|--------------|------------------|------------------------|
| Compensated Absences Payable | \$ 320,524      | \$ 661,287 | \$ (440,602) | \$ 541,209       | \$ 203,919             |
| Total Other Payables         | \$ 320,524      | \$ 661,287 | \$ (440,602) | \$ 541,209       | \$ 203,919             |

TOTAL BUSINESS TYPE ACTIVITIES

| Description                    | Balance 1/01/02 | Additions    | Reductions    | Balance 12/31/02 | Amount Due in One Year |
|--------------------------------|-----------------|--------------|---------------|------------------|------------------------|
| Total Business Type Activities | \$99,307,122    | \$36,213,706 | (\$4,735,517) | \$130,785,311    | \$4,743,919            |

All enterprise fund revenue bonds will be paid from the water and sewer enterprise funds.

All general obligation bond debt is a general obligation supported by the full faith and credit of the County. The unvoted general obligation bonds will be retired from the debt service fund using unvoted general property tax revenues. The unvoted general obligation bond, Sanitary Sewer System, is being paid by an enterprise fund.

The sales tax bonds are payable through sales tax revenues generated by the County's one-half percent permanent permissive sales tax. The County is under no obligation to have such sales tax revenues directly paid to the bond trustees as long as the County finances all principal and interest payments due on the bonds sixty days prior to their payment date. Therefore, all payments made on the sales tax bonds are to be paid using sales tax revenue or any other general revenue source.

Special assessment debt will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner defaults on an assessment, the County would be responsible for the debt payments. Special assessment bonds are retired from the debt service fund using special assessment revenues.

OPWC (Ohio Public Works Commission) loans are low interest loans from the State of Ohio for infrastructure projects and are paid by special assessments levied against the property owners who benefit from the projects.

Revenue bonds are supported by user charges. Sales tax bonds are supported by general fund revenues and, more explicitly, sales tax revenues.

Notes to the Basic Financial Statements  
(continued)

For The Year Ended December 31, 2002

LONG-TERM OBLIGATIONS (continued)

Water judgement bonds are court ordered bonds to settle the water contract dispute between the County and the City of Hamilton. The principal and interest are paid from the water fund.

Capital leases are for modular office units for the Butler County Care Facility. A contract was entered into with Pac-van for the lease of the equipment, and the lease is paid out of the Butler County Care fund.

The compensated absences liability will be paid from the General Fund, the Mental Retardation, Job and Family Services, Children Services Board, Real Estate Assessment, All Other Legislative and Executive, All Other Judicial, All Other Public Safety, Child Support Enforcement, Motor Vehicle, All Other Public Works, Alcohol and Drug Addiction, Mental Health, All Other Health, County Care, and All Other Human Services special revenue funds, the Technology capital projects fund, the Workers Compensation internal service fund, and the Water, Sewer, and GSC Parking Facility enterprise funds.

The following is a summary of the County's future annual debt service requirements for long-term obligations:

|           | Special Assessment Bonds |                     | General Obligation Bonds |                      |
|-----------|--------------------------|---------------------|--------------------------|----------------------|
|           | Principal                | Interest            | Principal                | Interest             |
| 2003      | \$ 763,000               | \$ 689,417          | \$ 1,755,000             | \$ 2,497,476         |
| 2004      | 797,000                  | 652,593             | 2,045,000                | 2,190,109            |
| 2005      | 835,000                  | 613,654             | 2,100,000                | 2,116,188            |
| 2006      | 730,000                  | 572,408             | 2,165,000                | 2,039,572            |
| 2007      | 713,000                  | 536,761             | 2,000,000                | 1,959,998            |
| 2008-2012 | 3,928,000                | 2,105,576           | 11,555,000               | 8,273,141            |
| 2013-2017 | 4,030,000                | 1,069,920           | 12,925,000               | 5,297,288            |
| 2018-2022 | 1,715,000                | 178,814             | 12,465,000               | 1,856,013            |
|           | <u>\$ 13,511,000</u>     | <u>\$ 6,419,143</u> | <u>\$ 47,010,000</u>     | <u>\$ 26,229,785</u> |

|           | Sales Tax Bonds      |                      | Revenue Bonds        |                      |
|-----------|----------------------|----------------------|----------------------|----------------------|
|           | Principal            | Interest             | Principal            | Interest             |
| 2003      | \$ 1,035,000         | \$ 1,249,465         | \$ 4,255,000         | \$ 4,537,232         |
| 2004      | 1,080,000            | 1,204,443            | 4,425,000            | 4,355,067            |
| 2005      | 1,125,000            | 1,156,383            | 4,615,000            | 4,168,455            |
| 2006      | 1,175,000            | 1,105,758            | 4,820,000            | 3,969,668            |
| 2007      | 1,230,000            | 1,052,295            | 5,020,000            | 3,758,904            |
| 2008-2012 | 7,070,000            | 4,341,690            | 28,810,000           | 15,123,419           |
| 2013-2017 | 8,965,000            | 2,449,750            | 24,205,000           | 8,425,305            |
| 2018-2022 | 4,245,000            | 321,000              | 17,120,000           | 2,102,722            |
| 2023-2026 |                      |                      | 505,000              | 25,250               |
|           | <u>\$ 25,925,000</u> | <u>\$ 12,880,784</u> | <u>\$ 93,775,000</u> | <u>\$ 46,466,022</u> |

|           | Judgement Bonds      |                      | OPWC                |                  |
|-----------|----------------------|----------------------|---------------------|------------------|
|           | Principal            | Interest             | Principal           | Interest         |
| 2003      | \$ 60,000            | \$ 1,613,438         | \$ 78,531           | \$ 21,679        |
| 2004      | 250,000              | 1,612,508            | 80,110              | 20,100           |
| 2005      | 430,000              | 1,608,008            | 81,720              | 18,490           |
| 2006      | 615,000              | 1,598,334            | 83,363              | 16,847           |
| 2007      | 815,000              | 1,582,344            | 85,039              | 15,172           |
| 2008-2012 | 5,975,000            | 7,343,386            | 451,530             |                  |
| 2013-2017 | 7,545,000            | 5,984,332            | 243,183             |                  |
| 2018-2022 | 9,680,000            | 3,870,564            |                     |                  |
| 2023-2026 | 9,660,000            | 1,173,726            |                     |                  |
|           | <u>\$ 35,030,000</u> | <u>\$ 26,386,640</u> | <u>\$ 1,103,476</u> | <u>\$ 92,288</u> |

For The Year Ended December 31, 2002

**NOTE 15 LONG-TERM OBLIGATIONS (continued)****INDUSTRIAL DEVELOPMENT REVENUE BONDS**

The County has issued industrial development revenue bonds (in the aggregate outstanding principal amount of \$10,965,000 at December 31, 2002) for facilities used by private corporations or other entities. The County is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the County's debt presentation. There has not been and is not any condition of default under the bonds or the related financing documents.

**HOSPITAL REVENUE BONDS**

Prior to 1999, the County has served as the issuer of \$76,230,000 in hospital revenue bonds. The proceeds were used to acquire, construct, improve and equip hospital facilities. The hospital revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the County. Neither is the full faith and credit or taxing power of the County pledged to make repayment. The amount of revenue bonds outstanding at December 31, 2002 was \$108,615,000.

**LEGAL DEBT MARGIN**

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

The effects of the debt limitations described above at December 31, 2002 are an overall debt margin of \$118,788,834 and unvoted debt margin of \$28,055,863.

**NOTE 16 SHORT-TERM OBLIGATIONS**

A summary of the note transactions for the year ended December 31, 2002 follows:

| Governmental                                | Annualized<br>Rate | Balance<br>1/01/02   | Issued               | Retired              | Balance<br>12/31/02  |
|---|--------------------|----------------------|----------------------|----------------------|----------------------|
| General                                     |                    |                      |                      |                      |                      |
| Road Improvement TID SER A                  | 2.44 %             | \$ 400,000           | \$ 380,000           | \$ 400,000           | \$ 380,000           |
| Special Revenue                             |                    |                      |                      |                      |                      |
| Highway Construction                        | 2.44 %             | 845,000              | 760,000              | 845,000              | 760,000              |
| Capital Projects                            |                    |                      |                      |                      |                      |
| SR 122 Expansion                            | 2.25 %             | 570,000              | 510,000              | 570,000              | 510,000              |
| Engineers Building                          | -                  | 260,000              | -                    | 260,000              | -                    |
| Highway Construction                        | 2.25 %             | 865,000              | 680,000              | 865,000              | 680,000              |
| Adult Detention Center                      | -                  | 27,480,000           | -                    | 27,480,000           | -                    |
| Middletown Mall                             | 2.25 %             | 1,500,000            | 3,050,000            | 1,500,000            | 3,050,000            |
| Computers/Software                          | 1.81 %             | -                    | 350,000              | -                    | 350,000              |
| Fiber Optic Ring (1)                        | 2.97 %             | 2,000,000            | 2,810,000            | 4,810,000            | -                    |
| Fiber Optic Ring (2)                        | 1.55 %             | -                    | 500,000              | -                    | 500,000              |
| Fiber Optic Ring (3)                        | 1.75 %             | -                    | 5,025,000            | 2,500,000            | 2,525,000            |
| Stormwater Management                       | 2.07 %             | -                    | 505,000              | -                    | 505,000              |
| County Admin Roof Repair                    | 1.71 %             | -                    | 150,000              | -                    | 150,000              |
| Millikin Rd TIF Note                        | 2.45 %             | 3,375,000            | 3,375,000            | 3,375,000            | 3,375,000            |
| Fairfield Township TIF Note                 | 2.23 %             | 2,180,000            | 2,220,000            | 2,180,000            | 2,220,000            |
| West Chester Township TIF Note              | 1.61 %             | 1,000,000            | 8,080,000            | 1,000,000            | 8,080,000            |
| Business Type                               |                    |                      |                      |                      |                      |
| Sewer System Expansion Note                 | 2.25 %             | 2,005,000            | 1,945,000            | 2,005,000            | 1,945,000            |
| <b>Total Governmental and Business Type</b> |                    | <b>\$ 42,480,000</b> | <b>\$ 30,340,000</b> | <b>\$ 47,790,000</b> | <b>\$ 25,030,000</b> |

Notes to the Basic Financial Statements  
(continued)

For The Year Ended December 31, 2002

**SHORT-TERM OBLIGATIONS (continued)**

During 2002 the county converted to long term bonds, notes that had been previously issued for construction of the Butler County Adult Detention Center and the Fiber Optic Ring construction. These note issues amounted to \$30,160,000 and \$2,810,000, respectively.

**NOTE 17 INTERFUND BALANCES AND ACTIVITY**

Due From/Due To balances at December 31, 2002 consist of the following individual fund receivables and payables:

| Due To                                 | Due From   |                         |                    |          |           |                  |              | Total |
|--|------------|-------------------------|--------------------|----------|-----------|------------------|--------------|-------|
|  | General    | Children Services Board | Other Governmental | Sewer    | Water     | Internal Service |              |       |
| General                                | \$ -       | \$ -                    | \$ 67,776          | \$ -     | \$ -      | \$ 315,735       | \$ 383,511   |       |
| Mental Retardation                     | 741        | 62,904                  | -                  | 81       | 138       | 105,415          | 169,279      |       |
| Job and Family Children Services Board | 57,814     | 248,072                 | 4,480              | -        | -         | 88,142           | 398,508      |       |
| Other Governmental                     | 211,627    | -                       | 17,000             | -        | -         | 58,947           | 287,574      |       |
| Sewer                                  | 382,500    | -                       | 378,456            | 8,536    | 17,152    | 172,948          | 959,592      |       |
| Water                                  | 2,242      | -                       | 48                 | -        | -         | 41,641           | 43,931       |       |
| GSC Parking Garage                     | 1,494      | -                       | -                  | -        | -         | 29,455           | 30,949       |       |
| Total                                  | \$ 656,418 | \$ 310,976              | \$ 467,760         | \$ 8,617 | \$ 17,290 | \$ 812,713       | \$ 2,273,774 |       |

Advances From/Advances To balances at December 31, 2002 consist of the following individual fund receivables and payables:

| Advances From                            | Advances To General |
|--|---------------------|
| Bond Retirement                          | \$ 77,460           |
| Buildings, Construction, and Renovations | 25,000              |
| Other Governmental                       | 787,617             |
| Total                                    | \$ 890,077          |

Transfers In/Transfers Out activity for 2002, consist of the following:

| Transfers In                            | Transfers Out |                 |   |                    |           |                      | Total       |
|---|---------------|-----------------|---|--------------------|-----------|----------------------|-------------|
|   | General       | Bond Retirement | Buildings, Construction and Renovations | Other Governmental | Sewer     | GSC Parking Facility |             |
| General                                 | \$ -          | \$ -            | \$ -                                    | \$ 55,080          | \$ -      | \$ -                 | \$ 55,080   |
| Job and Family Services                 | 1,159,257     | -               | -                                       | -                  | -         | -                    | 1,159,257   |
| Bond Retirement                         | 1,036,393     | -               | 728,520                                 | 733,491            | 99,586    | 45,000               | 2,642,990   |
| Buildings, Construction and Renovations | 589,295       | 731,583         | -                                       | 5,226              | -         | -                    | 1,326,104   |
| Other Governmental                      | 894,443       | 187,120         | 3,000                                   | 54,352             | -         | -                    | 1,138,915   |
| Sewer                                   | 0             | 374,178         | -                                       | -                  | -         | -                    | 374,178     |
| Water                                   | 0             | 151,373         | -                                       | -                  | -         | -                    | 151,373     |
| Total                                   | \$3,679,388   | \$1,444,254     | \$ 731,520                              | \$ 848,149         | \$ 99,586 | \$ 45,000            | \$6,847,897 |



**INTERFUND BALANCES AND ACTIVITY (continued)**

All balances in the Due From/Due To schedule resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance of \$890,077 due to the General Fund for advances to the Bond Retirement, Buildings, Construction, and Renovations and Other Governmental Funds results from cash flow issues in those funds.

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payment become due, and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 18 WATER RATE AGREEMENT**

Litigation between the County and the city of Hamilton (the "City") regarding a 1989 water agreement was settled in 2002, whereby the existing water agreement was terminated and replaced with a new water agreement effective for the period July 1, 2002 through December 31, 2021. Under the terms of the agreement, the County agreed to (1) refinance \$35 million of the City's debt related to certain capital improvements made to its water system, and (2) agreed to purchase from the City a minimum water supply of eight million gallons per day through December 31, 2021. In exchange, the City agreed to reduce the rate charged to the County for water from \$3.28 per thousand gallons to a two-tier rate structure based on a Tier A rate of \$2.15 per thousand gallons (adjusted annually using an agreed-upon inflation index) for the first eight million gallons of water purchased daily, and a Tier B rate of \$1.07 per thousand gallons (to remain unchanged through June 30, 2007, when a new Tier B rate may be negotiated or the Tier B rate defaults to a new rate of \$1.55 per thousand gallons) for water purchased above eight million gallons per day.

Several factors emanating from this new water agreement have provided the County with more flexibility in servicing customers as well as the potential to realize significant savings during the life of the agreement. While the County has secured a steady water supply through at least 2021, it now has the ability to build and operate its own water plant by 2010, if desired, as well as the ability to consider sources of water other than the city of Hamilton for better water rates over the *eight million gallon per day minimum*, and to sell water to customers outside the County's water district.

The new agreement has also provided the County with a more favorable rate structure for water purchases. The County recorded an asset in the amount of \$34,810,695, which is presented on the statement of net assets as "Deferred Charges for Water Rate Stabilization." This amount represents the purchase of future water rights.

**NOTE 19 CONTINGENT LIABILITIES**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based on prior experience the County believes such disallowances, if any, will be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**NOTE 20 JOINT VENTURES/JOINTLY GOVERNED ORGANIZATION/RISK SHARING POOL/RELATED ORGANIZATIONS**

**A. BUTLER COUNTY EMERGENCY MANAGEMENT AGENCY**

The Butler County Emergency Management Agency is a joint venture among the County, five cities and seven villages created by a countywide agreement with the Butler County Commissioners. The twenty-six members of the advisory council are appointed as follows: one County Commissioner and the chief elected official of each of the thirteen townships, five cities and seven villages. The degree of control exercised by any participating government is limited to its representation on the Board. The Agency does not have any outstanding debt. The continued existence of the Agency is dependent upon the County's continued participation; however, the County does not have an equity interest in the Agency. Complete financial statements can be obtained at 315 High Street, 6<sup>th</sup> Floor Suite 670, Hamilton, Ohio 45011.

**B. ECONOMIC DEVELOPMENT ASSOCIATION OF BUTLER COUNTY**

The Economic Development Association of Butler County (EDABC) was created by resolution of the County Commissioners and organized as a non-profit corporation under Internal Revenue Code Section 501 (c) (6). The EDABC is a joint venture among the County, five cities, two townships, and all five chambers of commerce in the County. It was organized with the specific purpose of marketing Butler County for economic development, as well as attracting and retaining businesses. The degree of control exercised by any member is limited to its representation on the board of trustees, which is limited to one person per organization or political subdivision. The Association has no debt outstanding and its continued existence is dependent upon the County's continued participation. However, the County does not have any equity interest in the Association.

The Association is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the County. In 2002, the County contributed \$75,000 which represents 70% of total contributions. Complete financial statements can be obtained from the Economic Development Association of Butler County, 130 High Street, Hamilton, Ohio 45011.

**C. TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**

The Transportation Improvement District, a jointly governed organization, provides the opportunity to construct roads, bridges and accompanying improvements within the County. The Transportation Improvement District Board, which consists of representatives from each of the participating governments, including the County, oversees the operation of the District. Complete financial statements can be obtained from the Transportation Improvement District, 315 High St. 6<sup>th</sup> Floor Hamilton, Ohio 45011.

**D. COUNTY RISK SHARING AUTHORITY (CORSA)**

The County Risk Sharing Authority (CORSA) is a risk sharing pool made up of forty-three counties in Ohio. CORSAs was formed as an Ohio non-profit corporation for the purpose of establishing the CORSAs Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSAs. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. An elected board of not more than nine trustees manages the affairs of the Corporation. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board on any time. Each member county's control over the budgeting and financing of CORSAs is limited to its voting authority and any representation it may have on the board of trustees. CORSAs has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSAs. The participating counties have no responsibility for the payment of certificates. The County's payment for insurance to CORSAs in 2002 was \$592,541.

For The Year Ended December 31, 2002

JOINT VENTURES/JOINTLY GOVERNED ORGANIZATION/RISK SHARING POOL/RELATED ORGANIZATIONS  
(continued)E. REGIONAL TRANSIT AUTHORITY (RTA)

The Regional Transit Authority (RTA) is a related organization to the County. The County Commissioners are responsible for appointing the trustees of the RTA; however, the County Commissioners cannot influence the RTA's operations, nor does the RTA represent a potential financial benefit or burden to the County. Although the County does serve as the taxing authority and may issue tax related debt on behalf of the RTA, its role is limited to a ministerial function. Once the RTA determines to present a levy to the voters, including the determination of the rate and duration, the County must place the levy on the ballot. The RTA may issue debt and determine its own budget. Financial information for the RTA may be obtained at 3045 Moser Ct. Hamilton, OH 45011.

NOTE 21 RELATED PARTY TRANSACTION

Miami Valley Industries, Inc. (the Workshop, a discretely presented component unit of Butler County), received contributions from the County for facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its programs. In 2002, these contributions were \$717,978.

NOTE 22 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The County has several outstanding contracts for construction and professional services. The following amounts remain on these contracts as of December 31, 2002.

| <u>Project/Vendor</u>   | <u>Outstanding<br/>Balance</u> |
|---|--------------------------------|
| Water Tank Cleaning – BBS Corporation                           | \$ 3,909                       |
| Les Laboratory HVAC Upgrade – Peck Hannaford and Briggs         | 2,909                          |
| Mulhauser Rd Water Main Replacement – LJB Inc.                  | 8,909                          |
| Water and Sewer System Security – Malcolm Pirnie                | 18,326                         |
| Butler Warren Route 42 Water Main Relocation- CDS               | 8,350                          |
| Cinti-Dayton Dimmick Supp Trans-PDR Engineers (Tetra Tech Inc.) | 42,853                         |
| Queen Acres – Phoenix Fabricators                               | 10,150                         |
| Graphical Imaging System – MWH Americas, Inc.                   | 14,101                         |
| Water System Model – Malcolm Pirnie                             | 12,052                         |
| Hamilton Mason Rd to Princeton – BBS Corporation                | 43,551                         |
| Van Gordon Rd EST – BBS Corporation                             | 1,333                          |
| Van Gordon RD EST – CB & I Constructors                         | 91,480                         |
| Water and Sewer System Security – Malcolm Pirnie                | 4,582                          |
| Cookie Lane Elim - Doll Layman, LTD                             | 154,562                        |
| Cookie Lane Elim – Quest Engineers, Inc                         | 6,894                          |
| Cookie Lane Elim - Doll Layman, LTD                             | 266,567                        |
| Graphical Imaging System – MWH Americas, Inc.                   | 32,906                         |
| Lesourdsville SCADA Wonderware – ESI, Inc.                      | 60,912                         |
| Venice Gardens Sewer – URS                                      | 124,237                        |
| Centrifuge at Lesourdsville Wastewater Treatment – Alfa Laval   | 68,037                         |
| LES Laboratory HVAC Upgrade – Peck Hannaford and Briggs         | 8,728                          |
| Port Union Road – Don S. Cisle                                  | 47,159                         |
| Cox Road Improvements – SK Construction                         | 491,056                        |
| New Fire Service Pits – Mulhauser Rd – Trend Construction       | 94,700                         |
| Centre Point Dr – Armrel Byrnes                                 | 1,908,734                      |
| State Rd Bridge, Hine Rd Bridge – Brumbaugh Construction        | 922,228                        |
| Oxford-Midd Rd Bridge, California Rd Bridge – W.G. Stang        | 140,047                        |

For The Year Ended December 31, 2002

**NOTE 23 SUBSEQUENT EVENTS****DEBT RELATED ACTIVITY**

In March 2003, the County renewed a variety of bond anticipation notes that were rolled over in their entirety as follows:

|  |                         |
|--|-------------------------|
| Children Services Board Expansion<br>(this issue was paid down by \$155,000) | \$ 2,155,000            |
| Juvenile Detention Expansion   | 1,480,000               |
| Computer Hardware/Software   | 2,110,000               |
| Computer Hardware/Software   | 510,000                 |
| Computer Hardware/Software   | 1,010,000               |
| Symmes Road Construction   | <u>2,090,000</u>        |
| <br>Total Proceeds   | <br><u>\$ 9,355,000</u> |

Additional funding was secured in March 2003, to coincide with the renewal of the above issues. The new bond anticipation note issued included the following:

|                                       |                         |
|---------------------------------------|-------------------------|
| Water system Improvement              | <u>\$ 4,830,000</u>     |
| <br>Total Proceeds – March Note Issue | <br><u>\$14,185,000</u> |

In June 2003, the County renewed a bond anticipation note that was rolled over in its entirety as follows:

|                       |                         |
|-----------------------|-------------------------|
| Butler County Airport | <u>\$ 2,030,000</u>     |
| <br>Total Proceeds    | <br><u>\$ 2,030,000</u> |

Additional funding was secured in June 2003, to coincide with the renewal of the above issues. The new bond anticipation note issued included the following:

|                                 |                         |
|---------------------------------|-------------------------|
| Liberty Township TIF            | \$ 1,000,000            |
| Sheriff's Building Renovation   | 300,000                 |
| Metroparks Improvement          | <u>2,800,000</u>        |
| Total Proceeds                  | <u>4,100,000</u>        |
| <br>Total Proceeds – June Issue | <br><u>\$ 6,130,000</u> |

**NOTE 24 MIAMI VALLEY INDUSTRIES, INC.****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Financial statement presentation – Miami Valley Industries, Inc. has previously adopted Statement of Financial Accounting Standards No. 117 (SFAS 117) and Statement of Financial Accounting Standards No. 116 (SFAS 116). Under SFAS 117, Miami Valley Industries, Inc. is required to report information regarding its financial position and activities according to classes of assets. Miami Valley Industries, Inc. has reclassified its financial statements as required. Under SFAS 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature of donor restrictions.
- B. Property and Equipment – These assets are stated at cost and depreciated on the straight-line method over the estimated useful lives of the various assets. Maintenance and repairs are charged against earnings when incurred. Additions and major renewals are capitalized. Capital assets had an original cost of \$1,674,558 and reported net of \$749,003 of accumulated depreciation, yielding a net capital asset cost of \$925,555.

Notes to the Basic Financial Statements  
(continued)

For The Year Ended December 31, 2002

MIAMI VALLEY INDUSTRIES, INC. (continued)

- C. **Income Taxes** – Miami Valley Industries, Inc., is a non-profit corporation and is exempt from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code.
- D. **Donated Services** – Donated services of management, direct supervision, rent, etc. have been provided by the Butler County Board of Mental Retardation/Development Disabilities. During the year ended June 30, 2002 the value of these services was estimated to be and is recorded in the financial statements at \$717,978.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the organization to credit risk did not exist as of June 30, 2002 since total cash investments and certificates of deposit did not exceed federally insured limits. Investments totaling \$13,825 were not federally insured. Miami Valley Industries, Inc. extended unsecured credit to regular customers amounting to \$192,186.

NOTES PAYABLE

A summary of the note transactions for the year ended June 30, 2002 follows:

|                         | Balance 7/1/01 | Issued | Retired  | Balance 6/30/02 |
|-------------------------|----------------|--------|----------|-----------------|
| Miami Valley Industries | \$509,640      | -      | \$56,340 | \$453,300       |

The notes outstanding at June 30, 2002 consisted of the following issues:

| Issue                   | Principal Outstanding | Annualized Rate |
|-------------------------|-----------------------|-----------------|
| Note Payable – Building | \$101,225             | 8.75%           |
| Note Payable – Building | 352,075               | 7.50%           |
| Total                   | <u>\$453,300</u>      |                 |

Butler County, Ohio  
 Required Supplementary Information  
 Condition Assessment of the County's Infrastructure  
 Reported Using the Modified Approach as Outlined in GASB 34  
 For The Year Ended December 31, 2002

Butler County reports its infrastructure assets using the modified approach as outlined in Governmental Accounting Standards Board (GASB) Statement No. 34. The following disclosures pertain to the conditional assessment and budgeted versus actual expenditures for the preservation of these assets. Data for the conditional assessment is presented in each of the following three sections for 2002 and 2001.

**County Roads**

The condition of road pavement is evaluated and measured using a Physical Condition Rating system. This approach assigns a numerical rating to each road, or section thereof, based on the following criteria: age of pavement, date of last surface maintenance, traffic flow and volume, traffic type and availability of funds. The Physical Condition Rating is determined by a committee of experts from the County Engineer's Office based on the criteria below.

| Pavement Rating | Condition Rating | Description   |
|-----------------|------------------|---|
| 1               | Excellent        | Pavements not in need of maintenance. New condition. Typically pavements 1-4 years old fall into this category. Older pavements with lower traffic counts and low truck traffic also fall into this category. |
| 2               | Good             | Pavement in need of minor maintenance to restore to Excellent condition. Typically pavements 5-8 years old with high traffic counts or a large percentage of truck traffic.                                   |
| 3               | Fair             | Pavement in need of major maintenance to restore to Excellent condition. Typically pavements are 9-12 years old.  |
| 4               | Poor             | Pavement in need of major repair or heavy overlays to bring to Excellent condition. Pavements over 12 years old, or with high traffic volume and/or high truck traffic could be rated 4.                      |

It is the County policy that at least 80% of the roadways will have a rating of 3 (Fair) or higher. The County Engineer's office has implemented a system whereby the total mileage of the roadway in the county will be repaved on a 12-year rotational basis. Historical data has shown that with yearly inspection and maintenance, the average road of the County will be maintained at a usable level for a 12-year period. Each roadway in the County will be assessed on a biennial basis, with higher emphasis on older and more heavily used pavements.

The following summarizes the Physical Condition Rating of County roads as of December 31, 2002 and 2001:

| Road Condition                         | 2002       |            | 2001       |            |
|--|------------|------------|------------|------------|
|  | Lane Miles | % of Total | Lane Miles | % of Total |
| Condition Assessment of Fair or Better | 234        | 86%        | 219        | 81%        |
| Condition Assessment of Less than Fair | 38         | 14%        | 53         | 19%        |
| Total                                  | 272        | 100%       | 272        | 100%       |

The following is a comparison of the County Budgeted and Actual expenditures for preservation of the existing roadways:

| Year | Budgeted Expenditures | Actual Expenditures | Difference   |
|------|-----------------------|---------------------|--------------|
| 2001 | \$ 3,466,030          | \$ 593,334          | \$ 2,872,696 |
| 2002 | \$ 9,207,636          | \$ 5,800,104        | \$ 3,407,532 |

Butler County, Ohio  
 Required Supplementary Information  
 Condition Assessment of the County's Infrastructure  
 Reported Using the Modified Approach as Outlined in GASB 34  
 For The Year Ended December 31, 2002

**County Bridges**

The condition of the County's bridges is determined using a General Appraisal and Operational Status rating which is a conditional coding system developed by the Federal Highway Administration. The General Appraisal rating is comprised of various ratings of the individual elements of the structure and an overall ranking given between zero and nine. The following codes are used to summarize the condition of a bridge:

| Numerical Rating | Condition Rating           |
|------------------|----------------------------|
| 9                | Excellent condition        |
| 8                | Very Good condition        |
| 7                | Good condition             |
| 6                | Satisfactory condition     |
| 5                | Fair condition             |
| 4                | Poor condition             |
| 3                | Serious condition          |
| 2                | Critical condition         |
| 1                | Imminent Failure condition |
| 0                | Failed or Closed condition |

It is the County policy to maintain the bridge system in the county where 85% of the structures have a General Appraisal Summary of 5-(Fair) condition or higher. The following is a summary of the conditional assessment for bridges for the years ended December 31, 2002 and 2001:

| Bridge Condition                       | 2002              |              | 2001              |              |
|--|-------------------|--------------|-------------------|--------------|
|  | Number of Bridges | % of Bridges | Number of Bridges | % of Bridges |
| Condition Assessment of Fair or Better | 324               | 87%          | 320               | 86%          |
| Condition Assessment of Less than Fair | 50                | 13%          | 54                | 14%          |
| Total                                  | 374               | 100%         | 374               | 100%         |

The following is a comparison of the County Budgeted and Actual expenditures for preservation of the existing bridges:

| Year | Budgeted Expenditures | Actual Expenditures | Difference   |
|------|-----------------------|---------------------|--------------|
| 2001 | \$ 4,361,594          | \$ 2,186,918        | \$ 2,174,676 |
| 2002 | \$ 3,365,739          | \$ 2,776,965        | \$ 588,774   |

Butler County, Ohio  
 Required Supplementary Information  
 Condition Assessment of the County's Infrastructure  
 Reported Using the Modified Approach as Outlined in GASB 34  
 For The Year Ended December 31, 2002

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**County Culverts**

The Butler County Engineer maintains a culvert inventory system. All culverts are inspected on a biennial basis with any critical structure being inspected as needed, as per the Engineer's internal policy. A committee of experts from the County Engineer's Office determines the condition rating, and a general appraisal of condition is categorized as follows:

| Numerical Rating | Condition Rating   |
|------------------|--------------------|
| 1                | Good condition     |
| 2                | Fair condition     |
| 3                | Poor condition     |
| 4                | Critical condition |

It is the goal of the Butler County Engineer to maintain 75% of culverts in a condition of 2-Fair or better. The following is a summary of the conditional assessment for culverts for the years ended December 31, 2002 and 2001:

| Culvert Condition                      | 2002               |               | 2001               |               |
|--|--------------------|---------------|--------------------|---------------|
|  | Number of Culverts | % of Culverts | Number of Culverts | % of Culverts |
| Condition Assessment of Fair or Better | 938                | 79%           | 921                | 77%           |
| Condition Assessment of Less than Fair | 258                | 21%           | 275                | 23%           |
| <b>Total</b>                           | <b>1196</b>        | <b>100%</b>   | <b>1196</b>        | <b>100%</b>   |

The following is a comparison of the County Budgeted and Actual expenditures for preservation of the existing culverts:

| Year | Budgeted Expenditures | Actual Expenditures | Difference |
|------|-----------------------|---------------------|------------|
| 2001 | \$ 310,017            | \$ 298,770          | \$ 11,247  |
| 2002 | \$ 100,000            | \$ 99,056           | \$ 944     |



**Combining Statements and  
Individual Fund Schedules**

## Combining Statements – Nonmajor Governmental Funds

### Nonmajor Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditure for specified purposes. The following are descriptions of each nonmajor special revenue fund:

**Real Estate Assessment** – To account for state mandated county-wide real estate reappraisals that are funded by charges to the County's political subdivisions.

**All Other Legislative and Executive** – To account for all other Legislative and Executive activities not presented on an individual basis.

**All Other Judicial** – To account for all other Judicial activities not presented on an individual basis.

**All Other Public Safety** – To account for all other Public Safety activities not presented on an individual basis.

**Child Support Enforcement** – To account for the poundage fee collected by the Bureau of Child Support that are restricted by State statute to finance the operation of the Child Support Enforcement Agency.

**Motor Vehicle** – To account for the revenue derived from motor vehicle licenses and gasoline taxes. Expenditures in this special revenue fund are restricted by State law to County roads and bridge repair/improvement programs.

**All Other Public Works** – To account for all other Public Works activities not presented on an individual basis.

**Alcohol and Drug Addiction** – To account for Federal and State grants that are used to pay the cost of contracts with local agencies that provide services to the public.

**Mental Health** – To account for a county-wide property tax levy and Federal and State grants that are used to pay the cost of contracts with local mental health agencies that provide services to the public.

**All Other Health** – To account for all other Health activities no presented on an individual basis.

**County Care Facility** – To account for the collection of medicaid and fees from residents' families for the operations of the County Home.

**Nonmajor Special Revenue Funds (continued)**

**Elderly Services Levy – To account for a county-wide property tax and the expenditure of those funds.**

**All Other Human Services – To account for all other Human Service activities not presented on an individual basis.**

**Nonmajor Capital Projects Funds**

**Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the Proprietary funds). The following are descriptions of each nonmajor capital projects fund:**

**Capital Improvement – To account for the financing of the majority of capital needs for the County. Its source of revenue is the General fund.**

**Stormwater Management Study – This fund is used account for the State mandated study of stormwater runoff.**

**Road Improvement – To account for various road repairs and improvements in the County.**

**Technology – To account for the financing and related costs of new information technology.**

Butler County, Ohio  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2002

|   | Nonmajor<br>Special Revenue<br>Funds | Nonmajor<br>Capital Projects<br>Funds | Total Nonmajor<br>Governmental<br>Funds |
|---|--------------------------------------|---------------------------------------|---|
| <b>Assets</b>                                 |                                      |                                       |   |
| Equity in Pooled Cash and Cash Equivalents    | \$ 22,825,767                        | \$ 2,107,226                          | \$ 24,932,993                           |
| <b>Cash and Cash Equivalents:</b>             |                                      |                                       |   |
| In Segregated Accounts                        | 190,535                              | -                                     | 190,535                                 |
| <b>Receivables:</b>                           |                                      |                                       |   |
| Taxes   | 8,720,091                            | -                                     | 8,720,091                               |
| Accounts                                      | 99,231                               | 299,590                               | 398,821                                 |
| Due from Other Governments                    | 17,653,821                           | 12,322,728                            | 29,976,549                              |
| Special Assessments Receivable                | 350,874                              | -                                     | 350,874                                 |
| Due from Other Funds                          | 319,510                              | 148,250                               | 467,760                                 |
| Prepaid Items                                 | 256,984                              | -                                     | 256,984                                 |
| Materials and Supplies Inventory              | 287,855                              | -                                     | 287,855                                 |
| Loans Receivable                              | 593,413                              | -                                     | 593,413                                 |
| <b>Total Assets</b>                           | <b>\$ 51,298,081</b>                 | <b>\$ 14,877,794</b>                  | <b>\$ 66,175,875</b>                    |
| <b>Liabilities and Fund Balances</b>          |                                      |                                       |   |
| <b>Liabilities:</b>                           |                                      |                                       |   |
| Accounts Payable                              | 511,232                              | 448                                   | 511,680                                 |
| Contracts Payable                             | 2,532,331                            | 167,683                               | 2,700,014                               |
| Accrued Wages and Benefits                    | 836,981                              | 4,260                                 | 841,241                                 |
| Compensated Absences Payable                  | 918                                  | -                                     | 918                                     |
| Due to Other Funds                            | 707,863                              | 251,729                               | 959,592                                 |
| Due to Other Governments                      | 19,481                               | -                                     | 19,481                                  |
| Deferred Revenue                              | 24,501,448                           | 299,590                               | 24,801,038                              |
| Advances from Other Funds                     | 317,002                              | 470,615                               | 787,617                                 |
| Accrued Interest Payable                      | 28,087                               | 165,435                               | 193,522                                 |
| Notes Payable                                 | 760,000                              | 18,745,000                            | 19,505,000                              |
| <b>Total Liabilities</b>                      | <b>30,215,343</b>                    | <b>20,104,760</b>                     | <b>50,320,103</b>                       |
| <b>Fund Balances</b>                          |                                      |                                       |   |
| Reserved for Encumbrances                     | 2,887,867                            | 20,710                                | 2,908,577                               |
| Reserved for Donated Assets                   | 593,413                              | -                                     | 593,413                                 |
| Reserved for Inventory                        | 287,855                              | -                                     | 287,855                                 |
| <b>Unreserved, Undesignated, Reported in:</b> |                                      |                                       |   |
| Special Revenue Funds                         | 17,313,603                           | -                                     | 17,313,603                              |
| Capital Projects Funds                        | -                                    | (5,247,676)                           | (5,247,676)                             |
| <b>Total Fund Balances</b>                    | <b>21,082,738</b>                    | <b>(5,226,966)</b>                    | <b>15,855,772</b>                       |
| <b>Total Liabilities and Fund Balances</b>    | <b>\$ 51,298,081</b>                 | <b>\$ 14,877,794</b>                  | <b>\$ 66,175,875</b>                    |

Butler County, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2002

|  | Real<br>Estate    | All Other<br>Legislative and<br>Executive | All Other<br>Judicial | All Other<br>Public Safety | Child Support<br>Enforcement |
|--|-------------------|---|-----------------------|----------------------------|------------------------------|
| <b>Assets</b>                              |                   |   |                       |                            |                              |
| Equity in Pooled Cash and Cash Equivalents | \$ 509,741        | \$ 1,683,981                              | \$ 2,140,660          | \$ 2,009,462               | \$ 654,539                   |
| <b>Cash and Cash Equivalents:</b>          |                   |   |                       |                            |                              |
| In Segregated Accounts                     | -                 | 78,389                                    | 89,934                | 5,892                      | -                            |
| <b>Receivables:</b>                        |                   |   |                       |                            |                              |
| Taxes                                      | -                 | 171,474                                   | -                     | -                          | -                            |
| Accounts                                   | -                 | -   | -                     | -                          | -                            |
| Due from Other Governments                 | -                 | -   | 245                   | 2,548,501                  | 1,703,606                    |
| Special Assessments Receivable             | -                 | 170,800                                   | -                     | -                          | -                            |
| Due from Other Funds                       | -                 | -   | -                     | 5,000                      | 206                          |
| Prepaid Items                              | 4,826             | 4,950                                     | 15,060                | 240                        | 8,272                        |
| Materials and Supplies Inventory           | 900               | 16,070                                    | 5,000                 | 2,517                      | 9,600                        |
| Loans Receivable                           | -                 | -   | -                     | -                          | -                            |
| <b>Total Assets</b>                        | <u>\$ 515,467</u> | <u>\$ 2,125,664</u>                       | <u>\$ 2,250,899</u>   | <u>\$ 4,571,612</u>        | <u>\$ 2,376,223</u>          |
| <b>Liabilities and Fund Balances</b>       |                   |   |                       |                            |                              |
| <b>Liabilities:</b>                        |                   |   |                       |                            |                              |
| Accounts Payable                           | \$ 50,640         | \$ 8,264                                  | \$ 67,206             | \$ 36,352                  | \$ 11,536                    |
| Contracts Payable                          | -                 | 40,451                                    | 881                   | 33,859                     | 80,635                       |
| Accrued Wages and Benefits                 | 77,023            | 63,737                                    | 19,053                | 113,027                    | 142,245                      |
| Compensated Absences Payable               | -                 | -   | -                     | 918                        | -                            |
| Due to Other Funds                         | 15,704            | 13,077                                    | 8,039                 | 218,939                    | 179,729                      |
| Due to Other Governments                   | -                 | 2,676                                     | -                     | 2,677                      | -                            |
| Deferred Revenue                           | -                 | 342,274                                   | -                     | 1,688,182                  | 1,624,079                    |
| Advances From Other Funds                  | -                 | 116,000                                   | 25,002                | 5,000                      | -                            |
| Accrued Interest Payable                   | -                 | -   | -                     | -                          | -                            |
| Notes Payable                              | -                 | -   | -                     | -                          | -                            |
| <b>Total Liabilities</b>                   | <u>143,367</u>    | <u>586,479</u>                            | <u>120,181</u>        | <u>2,098,954</u>           | <u>2,038,224</u>             |
| <b>Fund Balances</b>                       |                   |   |                       |                            |                              |
| Reserved for Encumbrances                  | 36,327            | 5,280                                     | 36,604                | 60,813                     | -                            |
| Reserved for Loans                         | -                 | -   | -                     | -                          | -                            |
| Reserved for Inventory                     | 900               | 16,070                                    | 5,000                 | 2,517                      | 9,600                        |
| Unreserved, Undesignated                   | 334,873           | 1,517,835                                 | 2,089,114             | 2,409,328                  | 328,399                      |
| <b>Total Fund Balances (Deficit)</b>       | <u>372,100</u>    | <u>1,539,185</u>                          | <u>2,130,718</u>      | <u>2,472,658</u>           | <u>337,999</u>               |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 515,467</u> | <u>\$ 2,125,664</u>                       | <u>\$ 2,250,899</u>   | <u>\$ 4,571,612</u>        | <u>\$ 2,376,223</u>          |

(Continued)

Butler County, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
December 31, 2002

|  | Motor<br>Vehicle     | All Other<br>Public Works | Alcohol and<br>Drug Addiction | Mental<br>Health    | All Other<br>Health |
|--|----------------------|---------------------------|-------------------------------|---------------------|---------------------|
| <b>Assets</b>                              |                      |                           |                               |                     |                     |
| Equity in Pooled Cash and Cash Equivalents | \$ 8,636,683         | \$ 1,878,477              | \$ 1,459,371                  | \$ 1,827,075        | \$ 55,800           |
| <b>Cash and Cash Equivalents:</b>          |                      |                           |                               |                     |                     |
| In Segregated Accounts                     | 15,945               | -                         | -                             | -                   | 375                 |
| <b>Receivables:</b>                        |                      |                           |                               |                     |                     |
| Taxes                                      | -                    | -                         | -                             | 1,736,139           | -                   |
| Accounts                                   | 42,605               | 3,185                     | 4,750                         | 48,691              | -                   |
| Due from Other Governments                 | 4,840,974            | 2,985,968                 | 1,282,340                     | 3,808,887           | 522                 |
| Special Assessments Receivable             | -                    | 180,074                   | -                             | -                   | -                   |
| Due from Other Funds                       | 48                   | 292,776                   | -                             | 21,480              | -                   |
| Prepaid Items                              | 8,207                | 1,924                     | 17,938                        | 184,732             | 117                 |
| Materials and Supplies Inventory           | 244,222              | -                         | -                             | -                   | -                   |
| Loans Receivable                           | -                    | 593,413                   | -                             | -                   | -                   |
| <b>Total Assets</b>                        | <b>\$ 13,788,684</b> | <b>\$ 5,935,817</b>       | <b>\$ 2,764,399</b>           | <b>\$ 7,627,004</b> | <b>\$ 56,814</b>    |
| <b>Liabilities and Fund Balances</b>       |                      |                           |                               |                     |                     |
| <b>Liabilities:</b>                        |                      |                           |                               |                     |                     |
| Accounts Payable                           | \$ 63,591            | \$ 21,504                 | \$ 3,368                      | \$ 95,351           | \$ 1,256            |
| Contracts Payable                          | 169,931              | 220,035                   | 53,739                        | 1,143,335           | -                   |
| Accrued Wages and Benefits                 | 154,394              | 13,736                    | 12,544                        | 27,604              | 8,604               |
| Compensated Absences Payable               | -                    | -                         | -                             | -                   | -                   |
| Due to Other Funds                         | 43,961               | 150,991                   | 9,555                         | 6,245               | 2,096               |
| Due to Other Governments                   | 866                  | 5,217                     | 69                            | 35                  | -                   |
| Deferred Revenue                           | 4,208,725            | 3,039,419                 | 1,219,875                     | 5,481,015           | -                   |
| Advances From Other Funds                  | -                    | 80,000                    | -                             | -                   | 75,000              |
| Accrued Interest Payable                   | 9,442                | 18,645                    | -                             | -                   | -                   |
| Notes Payable                              | 760,000              | -                         | -                             | -                   | -                   |
| <b>Total Liabilities</b>                   | <b>5,410,910</b>     | <b>3,549,547</b>          | <b>1,299,150</b>              | <b>6,753,585</b>    | <b>86,956</b>       |
| <b>Fund Balances</b>                       |                      |                           |                               |                     |                     |
| Reserved for Encumbrances                  | 1,664,105            | 320,723                   | 225,469                       | 520,967             | 570                 |
| Reserved for Loans                         | -                    | 593,413                   | -                             | -                   | -                   |
| Reserved for Inventory                     | 244,222              | -                         | -                             | -                   | -                   |
| Unreserved, Undesignated                   | 6,469,447            | 1,472,134                 | 1,239,780                     | 352,452             | (30,712)            |
| <b>Total Fund Balances (Deficit)</b>       | <b>8,377,774</b>     | <b>2,386,270</b>          | <b>1,465,249</b>              | <b>873,419</b>      | <b>(30,142)</b>     |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 13,788,684</b> | <b>\$ 5,935,817</b>       | <b>\$ 2,764,399</b>           | <b>\$ 7,627,004</b> | <b>\$ 56,814</b>    |

| County Care Facility | Elderly Services Levy | All Other Human Services | Total Nonmajor Special Revenue Funds |
|----------------------|-----------------------|--------------------------|--------------------------------------|
| \$ 665,131           | \$ 1,246,486          | \$ 58,361                | \$ 22,825,767                        |
| -                    | -                     | -                        | 190,535                              |
| -                    | 6,812,478             | -                        | 8,720,091                            |
| -                    | -                     | -                        | 99,231                               |
| 389,216              | -                     | 93,562                   | 17,653,821                           |
| -                    | -                     | -                        | 350,874                              |
| -                    | -                     | -                        | 319,510                              |
| 9,425                | 1,293                 | -                        | 256,984                              |
| 9,546                | -                     | -                        | 287,855                              |
| -                    | -                     | -                        | 593,413                              |
| <u>\$ 1,073,318</u>  | <u>\$ 8,060,257</u>   | <u>\$ 151,923</u>        | <u>\$ 51,298,081</u>                 |

|                     |                     |                   |                      |
|---------------------|---------------------|-------------------|----------------------|
| \$ 150,744          | \$ -                | \$ 1,420          | \$ 511,232           |
| 562                 | 676,696             | 112,207           | 2,532,331            |
| 197,473             | -                   | 7,541             | 836,981              |
| -                   | -                   | -                 | 918                  |
| 49,558              | -                   | 9,969             | 707,863              |
| 7,057               | -                   | 884               | 19,481               |
| -                   | 6,812,478           | 85,401            | 24,501,448           |
| -                   | -                   | 16,000            | 317,002              |
| -                   | -                   | -                 | 28,087               |
| -                   | -                   | -                 | 760,000              |
| <u>405,394</u>      | <u>7,489,174</u>    | <u>233,422</u>    | <u>30,215,343</u>    |
| 17,009              | -                   | -                 | 2,887,867            |
| -                   | -                   | -                 | 593,413              |
| 9,546               | -                   | -                 | 287,855              |
| <u>641,369</u>      | <u>571,083</u>      | <u>(81,499)</u>   | <u>17,313,603</u>    |
| <u>667,924</u>      | <u>571,083</u>      | <u>(81,499)</u>   | <u>21,082,738</u>    |
| <u>\$ 1,073,318</u> | <u>\$ 8,060,257</u> | <u>\$ 151,923</u> | <u>\$ 51,298,081</u> |

Butler County, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2002

|  | Capital<br>Improvement | Stormwater<br>Management Study | Road<br>Improvement  | Technology         | Total<br>Nonmajor<br>Capital Projects<br>Funds |
|--|------------------------|--------------------------------|----------------------|--------------------|--|
| <b>Assets</b>                              |                        |                                |                      |                    |  |
| Equity in Pooled Cash and Cash Equivalents | \$ 18,648              | \$ 444,298                     | \$ 1,157,060         | \$ 487,220         | \$ 2,107,226                                   |
| <b>Receivables:</b>                        |                        |                                |                      |                    |  |
| <b>Accounts</b>                            | -                      | -                              | -                    | 299,590            | 299,590  |
| Due from Other Governments                 | -                      | -                              | 12,322,728           | -                  | 12,322,728                                     |
| Due from Other Funds                       | 148,250                | -                              | -                    | -                  | 148,250  |
| <b>Total Assets</b>                        | <b>\$ 166,898</b>      | <b>\$ 444,298</b>              | <b>\$ 13,479,788</b> | <b>\$ 786,810</b>  | <b>\$ 14,877,794</b>                           |
| <b>Liabilities and Fund Balances</b>       |                        |                                |                      |                    |  |
| <b>Liabilities:</b>                        |                        |                                |                      |                    |  |
| Accounts Payable                           | \$ 448                 | \$ -                           | \$ -                 | \$ -               | \$ 448   |
| Contracts Payable                          | -                      | 36,665                         | 107,638              | 23,380             | 167,683  |
| Accrued Wages and Benefits                 | -                      | -                              | -                    | 4,260              | 4,260  |
| Due to Other Funds                         | 225,000                | -                              | 25,688               | 1,041              | 251,729  |
| Deferred Revenue                           | -                      | -                              | -                    | 299,590            | 299,590  |
| Advances from Other Funds                  | 200,000                | -                              | 60,615               | 210,000            | 470,615  |
| Accrued Interest Payable                   | -                      | 2,178                          | 95,552               | 67,705             | 165,435  |
| Notes Payable                              | -                      | 505,000                        | 14,865,000           | 3,375,000          | 18,745,000                                     |
| <b>Total Liabilities</b>                   | <b>425,448</b>         | <b>543,843</b>                 | <b>15,154,493</b>    | <b>3,980,976</b>   | <b>20,104,760</b>                              |
| <b>Fund Balances</b>                       |                        |                                |                      |                    |  |
| Reserved for Encumbrances                  | 71                     | -                              | 20,639               | -                  | 20,710   |
| Unreserved, Undesignated                   | (258,621)              | (99,545)                       | (1,695,344)          | (3,194,166)        | (5,247,676)                                    |
| <b>Total Fund Balances</b>                 | <b>(258,550)</b>       | <b>(99,545)</b>                | <b>(1,674,705)</b>   | <b>(3,194,166)</b> | <b>(5,226,966)</b>                             |
| <b>Total Liabilities and Fund Balances</b> | <b>\$166,898</b>       | <b>\$444,298</b>               | <b>\$13,479,788</b>  | <b>\$786,810</b>   | <b>\$14,877,794</b>                            |



Butler County, Ohio  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2002

|   | Nonmajor<br>Special Revenue<br>Funds | Nonmajor<br>Capital Projects<br>Funds | Total Nonmajor<br>Governmental<br>Funds |
|---|--------------------------------------|---------------------------------------|---|
| <b>Revenues</b>                                     |                                      |                                       |   |
| Taxes   | \$ 11,216,001                        | \$ -                                  | \$ 11,216,001                           |
| Charges for Services                                | 10,419,946                           | -                                     | 10,419,946                              |
| Licenses and Permits                                | 335,414                              | -                                     | 335,414                                 |
| Fines and Forfeitures                               | 390,554                              | -                                     | 390,554                                 |
| Intergovernmental                                   | 51,903,943                           | 1,182,184                             | 53,086,127                              |
| Special Assessments                                 | 331,142                              | -                                     | 331,142                                 |
| Interest  | 65,487                               | 182,578                               | 248,065                                 |
| Other   | 1,123,654                            | 220,592                               | 1,344,246                               |
| <b>Total Revenues</b>                               | <b>75,786,141</b>                    | <b>1,585,354</b>                      | <b>77,371,495</b>                       |
| <b>Expenditures</b>                                 |                                      |                                       |   |
| <b>Current:</b>                                     |                                      |                                       |   |
| <b>General Government</b>                           |                                      |                                       |   |
| Legislative and Executive                           | 5,820,560                            | 180,289                               | 6,000,849                               |
| Judicial  | 936,648                              | 37,303                                | 973,951                                 |
| Public Safety                                       | 8,074,809                            | 42,577                                | 8,117,386                               |
| Public Works  | 15,027,148                           | 268,709                               | 15,295,857                              |
| Health  | 21,578,975                           | -                                     | 21,578,975                              |
| Human Services                                      | 21,321,176                           | 5,432                                 | 21,326,608                              |
| Capital Outlay                                      | -                                    | 6,838,246                             | 6,838,246                               |
| <b>Debt Service:</b>                                |                                      |                                       |   |
| Principal Retirement                                | 1,078,683                            | 5,000,000                             | 6,078,683                               |
| Interest and Fiscal Charges                         | 87,198                               | 485,858                               | 573,056                                 |
| <b>Total Expenditures</b>                           | <b>73,925,197</b>                    | <b>12,858,414</b>                     | <b>86,783,611</b>                       |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>1,860,944</b>                     | <b>(11,273,060)</b>                   | <b>(9,412,116)</b>                      |
| <b>Other Financing Sources (Uses)</b>               |                                      |                                       |   |
| Proceeds of Bonds                                   | -                                    | 2,745,000                             | 2,745,000                               |
| Premium from Bonds Issued                           | -                                    | 182,524                               | 182,524                                 |
| Proceeds of Notes                                   | 2,030,000                            | 5,645,000                             | 7,675,000                               |
| Inception of Capital Lease                          | 87,215                               | -                                     | 87,215                                  |
| Transfers - In                                      | 305,778                              | 833,137                               | 1,138,915                               |
| Transfers - Out                                     | (654,163)                            | (193,986)                             | (848,149)                               |
| <b>Total Other Financing Sources (Uses)</b>         | <b>1,768,830</b>                     | <b>9,211,675</b>                      | <b>10,980,505</b>                       |
| <b>Net Change in Fund Balance</b>                   | <b>3,629,774</b>                     | <b>(2,061,385)</b>                    | <b>1,568,389</b>                        |
| <b>Fund Balances (Deficit) Beginning of Year</b>    | <b>17,477,102</b>                    | <b>(3,165,581)</b>                    | <b>14,311,521</b>                       |
| <b>Decrease in Reserve for Inventory</b>            | <b>(24,138)</b>                      | <b>-</b>                              | <b>(24,138)</b>                         |
| <b>Fund Balances (Deficit) End of Year</b>          | <b>\$ 21,082,738</b>                 | <b>\$ (5,226,966)</b>                 | <b>\$ 15,855,772</b>                    |

Butler County, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2002

|   | Real<br>Estate    | All Other<br>Legislative and<br>Executive | All Other<br>Judicial | All Other<br>Public Safety |
|---|-------------------|---|-----------------------|----------------------------|
| <b>Revenues</b>                                     |                   |   |                       |                            |
| Taxes   | \$ -              | \$ 161,898                                | \$ -                  | \$ -                       |
| Charges for Services                                | 2,670,531         | 2,768,424                                 | 1,160,580             | 984,226                    |
| Licenses and Permits                                | -                 | -   | -                     | -                          |
| Fines and Forfeitures                               | -                 | -   | 62,521                | 3,886                      |
| Intergovernmental                                   | -                 | 18,239                                    | 245                   | 6,777,174                  |
| Special Assessments                                 | -                 | 166,450                                   | -                     | -                          |
| Interest  | -                 | 18,717                                    | -                     | -                          |
| Other   | 157,920           | 34,948                                    | 5,545                 | 68,370                     |
| <b>Total Revenues</b>                               | <b>2,828,451</b>  | <b>3,168,676</b>                          | <b>1,228,891</b>      | <b>7,833,656</b>           |
| <b>Expenditures</b>                                 |                   |   |                       |                            |
| <b>Current:</b>                                     |                   |   |                       |                            |
| <b>General Government</b>                           |                   |   |                       |                            |
| Legislative and Executive                           | 2,992,572         | 2,827,988                                 | -                     | -                          |
| Judicial  | -                 | -   | 936,648               | -                          |
| Public Safety                                       | -                 | -   | -                     | 8,074,809                  |
| Public Works  | -                 | -   | -                     | -                          |
| Health  | -                 | -   | -                     | -                          |
| Human Services                                      | -                 | -   | -                     | -                          |
| <b>Debt Service:</b>                                |                   |   |                       |                            |
| Principal Retirement                                | -                 | -   | -                     | -                          |
| Interest and Fiscal Charges                         | -                 | -   | -                     | -                          |
| <b>Total Expenditures</b>                           | <b>2,992,572</b>  | <b>2,827,988</b>                          | <b>936,648</b>        | <b>8,074,809</b>           |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>(164,121)</b>  | <b>340,688</b>                            | <b>292,243</b>        | <b>(241,153)</b>           |
| <b>Other Financing Sources (Uses)</b>               |                   |   |                       |                            |
| Proceeds of Notes                                   | -                 | -   | -                     | -                          |
| Inception of Capital Lease                          | -                 | -   | -                     | -                          |
| Transfers In  | -                 | -   | 50,000                | 34,239                     |
| Transfers Out                                       | -                 | (80,000)                                  | (27,775)              | -                          |
| <b>Total Other Financing Sources (Uses)</b>         | <b>-</b>          | <b>(80,000)</b>                           | <b>22,225</b>         | <b>34,239</b>              |
| <b>Net Change in Fund Balance</b>                   | <b>(164,121)</b>  | <b>260,688</b>                            | <b>314,468</b>        | <b>(206,914)</b>           |
| <b>Fund Balances Beginning of Year</b>              | <b>536,221</b>    | <b>1,277,497</b>                          | <b>1,814,750</b>      | <b>2,690,263</b>           |
| <b>Increase (Decrease) in Reserve for Inventory</b> | <b>-</b>          | <b>1,000</b>                              | <b>1,500</b>          | <b>(10,691)</b>            |
| <b>Fund Balances End of Year</b>                    | <b>\$ 372,100</b> | <b>\$ 1,539,185</b>                       | <b>\$ 2,130,718</b>   | <b>\$ 2,472,658</b>        |

| <u>Child Support<br/>Enforcement</u> | <u>Motor<br/>Vehicle</u> | <u>All Other<br/>Public Works</u> | <u>Alcohol and<br/>Drug Addiction</u> |
|--------------------------------------|--------------------------|-----------------------------------|---------------------------------------|
| \$ -                                 | \$ -                     | \$ -                              | \$ -                                  |
| 795,024                              | 484,820                  | 179,253                           | 60,775                                |
| -                                    | -                        | -                                 | -                                     |
| -                                    | 305,855                  | -                                 | -                                     |
| 4,996,212                            | 13,986,636               | 2,702,875                         | 4,974,334                             |
| -                                    | -                        | 164,692                           | -                                     |
| -                                    | -                        | 46,770                            | -                                     |
| 149,718                              | 85,816                   | 62,864                            | 123,825                               |
| <u>5,940,954</u>                     | <u>14,863,127</u>        | <u>3,156,454</u>                  | <u>5,158,934</u>                      |
| -                                    | -                        | -                                 | -                                     |
| -                                    | -                        | -                                 | -                                     |
| -                                    | -                        | -                                 | -                                     |
| -                                    | 11,314,282               | 3,712,866                         | -                                     |
| -                                    | -                        | -                                 | 4,670,812                             |
| 6,012,338                            | -                        | -                                 | -                                     |
| -                                    | 76,984                   | 1,000,000                         | -                                     |
| -                                    | 52,484                   | 34,714                            | -                                     |
| <u>6,012,338</u>                     | <u>11,443,750</u>        | <u>4,747,580</u>                  | <u>4,670,812</u>                      |
| <u>(71,384)</u>                      | <u>3,419,377</u>         | <u>(1,591,126)</u>                | <u>488,122</u>                        |
| -                                    | -                        | 2,030,000                         | -                                     |
| -                                    | -                        | -                                 | -                                     |
| -                                    | 3,493                    | 163,651                           | -                                     |
| -                                    | (546,243)                | (145)                             | -                                     |
| -                                    | (542,750)                | 2,193,506                         | -                                     |
| (71,384)                             | 2,876,627                | 602,380                           | 488,122                               |
| 409,383                              | 5,519,788                | 1,783,890                         | 977,127                               |
| -                                    | (18,641)                 | -                                 | -                                     |
| <u>\$ 337,999</u>                    | <u>\$ 8,377,774</u>      | <u>\$ 2,386,270</u>               | <u>\$ 1,465,249</u>                   |

(Continued)

Butler County, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2002 (Continued)

|   | Mental<br>Health  | All Other<br>Health | County Care<br>Facility | Elderly<br>Services Levy |
|---|-------------------|---------------------|-------------------------|--------------------------|
| <b>Revenues</b>                                     |                   |                     |                         |                          |
| Taxes   | \$ 1,838,763      | \$ -                | \$ -                    | \$ 7,104,791             |
| Charges for Services                                | 2,212             | 2,600               | 1,311,501               | -                        |
| Licenses and Permits                                | -                 | 335,414             | -                       | -                        |
| Fines and Forfeitures                               | -                 | 18,292              | -                       | -                        |
| Intergovernmental                                   | 13,565,113        | 522                 | 6,043,685               | 785,570                  |
| Special Assessments                                 | -                 | -                   | -                       | -                        |
| Interest  | -                 | -                   | -                       | -                        |
| Other   | 294,995           | 5,767               | 131,382                 | 30                       |
| <b>Total Revenues</b>                               | <b>15,701,083</b> | <b>362,595</b>      | <b>7,486,568</b>        | <b>7,890,391</b>         |
| <b>Expenditures</b>                                 |                   |                     |                         |                          |
| <b>Current:</b>                                     |                   |                     |                         |                          |
| <i>General Government</i>                           |                   |                     |                         |                          |
| Legislative and Executive                           | -                 | -                   | -                       | -                        |
| Judicial  | -                 | -                   | -                       | -                        |
| Public Safety                                       | -                 | -                   | -                       | -                        |
| Public Works  | -                 | -                   | -                       | -                        |
| Health  | 16,454,951        | 453,212             | -                       | -                        |
| Human Services                                      | -                 | -                   | 7,358,133               | 7,604,746                |
| <i>Debt Service:</i>                                |                   |                     |                         |                          |
| Principal Retirement                                | -                 | -                   | 1,699                   | -                        |
| Interest and Fiscal Charges                         | -                 | -                   | -                       | -                        |
| <b>Total Expenditures</b>                           | <b>16,454,951</b> | <b>453,212</b>      | <b>7,359,832</b>        | <b>7,604,746</b>         |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>(753,868)</b>  | <b>(90,617)</b>     | <b>126,736</b>          | <b>285,645</b>           |
| <b>Other Financing Sources (Uses)</b>               |                   |                     |                         |                          |
| <i>Proceeds of Notes</i>                            | -                 | -                   | -                       | -                        |
| Inception of Capital Lease                          | -                 | -                   | 87,215                  | -                        |
| Transfers In  | -                 | -                   | -                       | -                        |
| Transfers Out                                       | -                 | -                   | -                       | -                        |
| <b>Total Other Financing Sources (Uses)</b>         | <b>-</b>          | <b>-</b>            | <b>87,215</b>           | <b>-</b>                 |
| <b>Net Change in Fund Balance</b>                   | <b>(753,868)</b>  | <b>(90,617)</b>     | <b>213,951</b>          | <b>285,645</b>           |
| <b>Fund Balances Beginning of Year</b>              | <b>1,627,287</b>  | <b>60,475</b>       | <b>451,279</b>          | <b>285,438</b>           |
| <b>Increase (Decrease) in Reserve for Inventory</b> | <b>-</b>          | <b>-</b>            | <b>2,694</b>            | <b>-</b>                 |
| <b>Fund Balances (Deficit) End of Year</b>          | <b>\$ 873,419</b> | <b>\$ (30,142)</b>  | <b>\$ 667,924</b>       | <b>\$ 571,083</b>        |

| All Other<br>Human<br>Services | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|--------------------------------|---|
| \$ -                           | \$ 9,105,452                                  |
| -                              | 10,419,946                                    |
| -                              | 335,414                                       |
| -                              | 390,554                                       |
| 163,887                        | 54,014,492                                    |
| -                              | 331,142                                       |
| -                              | 65,487  |
| 2,474                          | 1,123,654                                     |
| <u>166,361</u>                 | <u>75,786,141</u>                             |
| -                              | 5,820,560                                     |
| -                              | 936,648                                       |
| -                              | 8,074,809                                     |
| -                              | 15,027,148                                    |
| -                              | 21,578,975                                    |
| 345,959                        | 21,321,176                                    |
| -                              | 1,078,683                                     |
| -                              | 87,198  |
| <u>345,959</u>                 | <u>73,925,197</u>                             |
| <u>(179,598)</u>               | <u>1,860,944</u>                              |
| -                              | 2,030,000                                     |
| -                              | 87,215  |
| 54,395                         | 305,778                                       |
| -                              | (654,163)                                     |
| <u>54,395</u>                  | <u>1,768,830</u>                              |
| (125,203)                      | 3,629,774                                     |
| 43,704                         | 17,477,102                                    |
| -                              | (24,138)                                      |
| <u>\$ (81,499)</u>             | <u>\$ 21,082,738</u>                          |

Butler County, Ohio  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2002

|   | Capital<br>Improvement | Stormwater<br>Management Study | Road<br>Improvement   | Technology            | Total<br>Nonmajor<br>Capital Projects<br>Funds |
|---|------------------------|--------------------------------|-----------------------|-----------------------|--|
| <b>Revenues</b>                                     |                        |                                |                       |                       |  |
| Intergovernmental                                   | \$ -                   | \$ -                           | \$ 1,182,184          | \$ -                  | \$ 1,182,184                                   |
| Interest  | -                      | 2,389                          | 139,619               | 40,570                | 182,578  |
| Other   | -                      | -                              | -                     | 220,592               | 220,592  |
| <b>Total Revenues</b>                               | <b>-</b>               | <b>2,389</b>                   | <b>1,321,803</b>      | <b>261,162</b>        | <b>1,585,354</b>                               |
| <b>Expenditures</b>                                 |                        |                                |                       |                       |  |
| <b>Current:</b>                                     |                        |                                |                       |                       |  |
| <b>General Government</b>                           |                        |                                |                       |                       |  |
| Legislative and Executive                           | 85,101                 | -                              | -                     | 95,188                | 180,289  |
| Judicial  | 20,453                 | -                              | -                     | 16,850                | 37,303   |
| Public Safety                                       | 42,577                 | -                              | -                     | -                     | 42,577   |
| Public Works  | -                      | 96,191                         | 172,518               | -                     | 268,709  |
| Human Services                                      | 5,432                  | -                              | -                     | -                     | 5,432  |
| Capital Outlay                                      | 55,000                 | -                              | 1,132,184             | 5,651,062             | 6,838,246                                      |
| <b>Debt Service</b>                                 |                        |                                |                       |                       |  |
| Principal Retirement                                | -                      | -                              | 2,000,000             | 3,000,000             | 5,000,000                                      |
| Interest and Fiscal Charges                         | -                      | 6,661                          | 329,131               | 150,066               | 485,858  |
| <b>Total Expenditures</b>                           | <b>208,563</b>         | <b>102,852</b>                 | <b>3,633,833</b>      | <b>8,913,166</b>      | <b>12,858,414</b>                              |
| <b>Excess of Revenues (Under) Expenditures</b>      | <b>(208,563)</b>       | <b>(100,463)</b>               | <b>(2,312,030)</b>    | <b>(8,652,004)</b>    | <b>(11,273,060)</b>                            |
| <b>Other Financing Sources (Uses)</b>               |                        |                                |                       |                       |  |
| Proceeds of Bonds                                   | -                      | -                              | -                     | 2,745,000             | 2,745,000                                      |
| Premium from Bonds Issued                           | -                      | -                              | -                     | 182,524               | 182,524  |
| Proceeds of Notes                                   | -                      | -                              | 2,060,000             | 3,585,000             | 5,645,000                                      |
| Transfers In  | 112,000                | 4,483                          | 407,347               | 309,307               | 833,137  |
| Transfers Out                                       | -                      | (3,565)                        | (137,735)             | (52,686)              | (193,986)                                      |
| <b>Total Other Financing Sources (Uses)</b>         | <b>112,000</b>         | <b>918</b>                     | <b>2,329,612</b>      | <b>6,769,145</b>      | <b>9,211,675</b>                               |
| <b>Net Change in Fund Balance</b>                   | <b>(96,563)</b>        | <b>(99,545)</b>                | <b>17,582</b>         | <b>(1,882,859)</b>    | <b>(2,061,385)</b>                             |
| <b>Fund Balances (Deficit) at Beginning of Year</b> | <b>(161,987)</b>       | <b>-</b>                       | <b>(1,692,287)</b>    | <b>(1,311,307)</b>    | <b>(3,165,581)</b>                             |
| <b>Fund Balances (Deficit) End of Year</b>          | <b>\$ (258,550)</b>    | <b>\$ (99,545)</b>             | <b>\$ (1,674,705)</b> | <b>\$ (3,194,166)</b> | <b>\$ (5,226,966)</b>                          |

## **INTERNAL SERVICE FUNDS**

**The Internal Service Funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis. The following are descriptions of each Internal Service Fund:**

**Workers Compensation – To account for funds received from governmental and proprietary funds and regional governmental agencies to pay for the actual expense of workers' compensation benefits.**

**Employee Health Insurance – To account for the funds received from governmental and proprietary funds and regional governmental agencies to pay for the actual expenses of medical costs for employees.**

Butler County, Ohio  
Combining Statement of Fund Net Assets  
Internal Service Funds  
December 31, 2002

|   | Workers<br>Compensation | Employee<br>Health | Total               |
|---|-------------------------|--------------------|---------------------|
| <b>Assets</b>                               |                         |                    |                     |
| <b>Current Assets</b>                       |                         |                    |                     |
| Equity in Pooled Cash and Cash Equivalents  | \$ 2,526,168            | \$ 483,378         | \$ 3,009,546        |
| Cash and Cash Equivalents with Fiscal Agent | -                       | 243,264            | 243,264             |
| Receivables:                                | -                       | -                  | -                   |
| Accounts                                    | 17,304                  | -                  | 17,304              |
| Due from Other Funds                        | 812,713                 | -                  | 812,713             |
| Prepaid Items                               | -                       | 60,192             | 60,192              |
| <b>Total Assets</b>                         | <b>3,356,185</b>        | <b>786,834</b>     | <b>4,143,019</b>    |
| <b>Liabilities</b>                          |                         |                    |                     |
| Accounts Payable                            | 385                     | -                  | 385                 |
| Accrued Wages and Benefits                  | 15,945                  | 3,740              | 19,685              |
| Due to Other Governments                    | 279,571                 | -                  | 279,571             |
| Claims Payable                              | 2,397,033               | 359,253            | 2,756,286           |
| Compensated Absences Payable                | 5,247                   | -                  | 5,247               |
| <b>Total Current Liabilities</b>            | <b>2,698,181</b>        | <b>362,993</b>     | <b>3,061,174</b>    |
| <b>Long-Term Liabilities:</b>               |                         |                    |                     |
| Compensated Absences Payable                | 11,097                  | -                  | 11,097              |
| <b>Total Long-Term Liabilities</b>          | <b>11,097</b>           | <b>-</b>           | <b>11,097</b>       |
| <b>Total Liabilities</b>                    | <b>2,709,278</b>        | <b>362,993</b>     | <b>3,072,271</b>    |
| <b>Net Assets</b>                           |                         |                    |                     |
| Unrestricted                                | 646,907                 | 423,841            | 1,070,748           |
| <b>Total Net Assets</b>                     | <b>\$ 646,907</b>       | <b>\$ 423,841</b>  | <b>\$ 1,070,748</b> |



Butler County, Ohio  
Combining Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended December 31, 2002

|  | Workers<br>Compensation | Employee<br>Health | Total               |
|--|-------------------------|--------------------|---------------------|
| Operating Revenues                             |                         |                    |                     |
| Charges for Services                           | \$ 834,880              | \$ 928,945         | \$ 1,763,825        |
| <b>Total Operating Revenues</b>                | <b>834,880</b>          | <b>928,945</b>     | <b>1,763,825</b>    |
| Operating Expenses                             |                         |                    |                     |
| Personal Services                              | 223,593                 | 3,740              | 227,333             |
| Contractual Services                           | 481,935                 | 124,375            | 606,310             |
| Claims and Judgments                           | 546,912                 | 376,989            | 923,901             |
| Other Operating Expenses                       | 5,755                   | -                  | 5,755               |
| <b>Total Operating Expenses</b>                | <b>1,258,195</b>        | <b>505,104</b>     | <b>1,763,299</b>    |
| <b>Operating Income (Loss)</b>                 | <b>(423,315)</b>        | <b>423,841</b>     | <b>526</b>          |
| Non-Operating Revenues (Expenses)              |                         |                    |                     |
| Other Non-Operating Revenues                   | 240,616                 | -                  | 240,616             |
| Other Non-Operating Expenses                   | (2,237,095)             | -                  | (2,237,095)         |
| <b>Total Non-Operating Revenues (Expenses)</b> | <b>(1,996,479)</b>      | <b>-</b>           | <b>(1,996,479)</b>  |
| <b>Change in Net Assets</b>                    | <b>(2,419,794)</b>      | <b>423,841</b>     | <b>(1,995,953)</b>  |
| <b>Net Assets Beginning of Year</b>            | <b>3,066,701</b>        | <b>-</b>           | <b>3,066,701</b>    |
| <b>Net Assets End of Year</b>                  | <b>\$ 646,907</b>       | <b>\$ 423,841</b>  | <b>\$ 1,070,748</b> |

Butler County  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2002

|   | Workers<br>Compensation | Health<br>Insurance | Totals                |
|---|-------------------------|---------------------|-----------------------|
| <u><b>Increase (Decrease) in Cash and Cash Equivalents:</b></u>   |                         |                     |                       |
| <u><b>Cash Flows from Operating Activities:</b></u>   |                         |                     |                       |
| Cash Received from Quasi-External Transactions with Other Funds   | 804,967                 | 928,945             | 1,733,912             |
| Cash Paid to Suppliers  | (313,227)               | (184,567)           | (497,794)             |
| Cash Paid to Employees  | (218,563)               | -                   | (218,563)             |
| Other Operating Expenses  | (12,756)                | -                   | (12,756)              |
| Other Non-Operating Revenues  | 240,616                 | -                   | 240,616               |
| Other Non-Operating Expenses  | (2,237,095)             | -                   | (2,237,095)           |
| Cash Paid for Claims  | (165,546)               | (17,736)            | (183,282)             |
| <b>Net Cash Provided by (Used for) Operating Activities</b>   | <u>(1,901,604)</u>      | <u>726,642</u>      | <u>(1,174,962)</u>    |
| <b>Cash and Cash Equivalents at Beginning of Year</b>   | <u>4,427,772</u>        | <u>-</u>            | <u>4,427,772</u>      |
| <b>Cash and Cash Equivalents at End of Year</b>   | <u>\$ 2,526,168</u>     | <u>\$ 726,642</u>   | <u>\$ 3,252,810</u>   |
| <u><b>Reconciliation of Operating Income (Loss) to Net Income</b></u>   |                         |                     |                       |
| <u><b>Cash Provided by (Used for) Operating Activities:</b></u>   |                         |                     |                       |
| Operating Income (Loss)   | \$ (423,315)            | \$ 423,841          | \$ 526                |
| <u><b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b></u> |                         |                     |                       |
| Other Non-Operating Revenues  | 240,616                 | -                   | 240,616               |
| Other Non-Operating Expenses  | (2,237,095)             | -                   | (2,237,095)           |
| <u><b>Changes in Assets and Liabilities:</b></u>  |                         |                     |                       |
| Decrease in Accounts Receivable   | (1,607)                 | -                   | (1,607)               |
| Decrease in Interfund Receivable  | (28,306)                | -                   | (28,306)              |
| Decrease in Prepaid Items   | -                       | (60,192)            | (60,192)              |
| Increase in Accrued Wages and Benefits  | 1,943                   | 3,740               | 5,683                 |
| Decrease in Accounts Payable  | (3,661)                 | -                   | (3,661)               |
| Increase in Compensated Absences Payable  | 3,087                   | -                   | 3,087                 |
| Increase in Due to Other Governments  | 165,368                 | -                   | 165,368               |
| Increase in Claims Payable  | 251,587                 | 359,253             | 610,840               |
| Increase in Claims Net of Current Portion   | 129,779                 | -                   | 129,779               |
| <b>Total Adjustments</b>  | <u>(1,478,289)</u>      | <u>302,801</u>      | <u>(1,175,488)</u>    |
| <b>Net Cash Provided by (Used for) Operating Activities</b>   | <u>\$ (1,901,604)</u>   | <u>\$ 726,642</u>   | <u>\$ (1,174,962)</u> |

See accompanying notes to the basic financial statements

## **AGENCY FUNDS**

**Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results and operations. The following are the County's agency funds:**

**All Other Agency – All other Agency account for various individual agency funds combined for reporting purposes.**

**Undivided Tax - Accounts for various agency funds used for collection and distribution of taxes by the County.**

Butler County, Ohio  
Combining Statement of Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2002

|  | Undivided<br>Tax      | All Other<br>Agency  | Total                 |
|--|-----------------------|----------------------|-----------------------|
| <b>Assets</b>                                    |                       |                      |                       |
| Equity Pooled in Cash and Cash Equivalents       | \$ 15,871,310         | \$ 5,318,878         | \$ 21,190,188         |
| Cash and Cash Equivalents in Segregated Accounts | 4,999                 | 4,369,109            | 4,374,108             |
| Investments in Segregated Accounts               | -                     | 400,000              | 400,000               |
| Taxes Receivable                                 | 278,329,209           | -                    | 278,329,209           |
| Special Assessments Receivable                   | 26,281,648            | 303                  | 26,281,951            |
| Due from Other Governments                       | 15,429,235            | 314,339              | 15,743,574            |
| <b>Total Assets</b>                              | <b>\$ 335,916,401</b> | <b>\$ 10,402,629</b> | <b>\$ 346,319,030</b> |
| <b>Liabilities</b>                               |                       |                      |                       |
| Undistributed Monies                             | \$ -                  | \$ 3,778,043         | \$ 3,778,043          |
| Deposits Held and Due to Others                  | -                     | 5,810,960            | 5,810,960             |
| Due to Other Governments                         | 335,916,401           | 698,626              | 336,615,027           |
| Loans Payable                                    | -                     | 115,000              | 115,000               |
| <b>Total Liabilities</b>                         | <b>\$335,916,401</b>  | <b>\$10,402,629</b>  | <b>\$346,319,030</b>  |

Butler County, Ohio  
Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
For the Year Ended December 31, 2002

|   | Beginning<br>Balance<br>01/01/02 | Additions             | Deductions            | Ending<br>Balance<br>12/31/02 |
|---|----------------------------------|-----------------------|-----------------------|-------------------------------|
| <b>Undivided Tax Funds</b>                          |                                  |                       |                       |                               |
| <b>Assets</b>                                       |                                  |                       |                       |                               |
| Equity in Pooled Cash<br>and Cash Equivalents       | \$ 16,265,334                    | \$ 601,130,726        | \$ 601,524,750        | \$ 15,871,310                 |
| Cash and Cash Equivalents in<br>Segregated Accounts | -                                | 4,999                 | -                     | 4,999                         |
| Taxes Receivable                                    | 255,602,456                      | 278,329,209           | 255,602,456           | 278,329,209                   |
| Special Assessments Receivable                      | 21,930,432                       | 26,821,389            | 22,470,173            | 26,281,648                    |
| Due from Other Funds                                | 6,650                            | 4,999                 | 11,649                | -                             |
| Due from Other Governments                          | 18,374,635                       | 18,745,686            | 21,691,086            | 15,429,235                    |
| <b>Total Assets</b>                                 | <b>\$ 312,179,507</b>            | <b>\$ 925,037,008</b> | <b>\$ 901,300,114</b> | <b>\$ 335,916,401</b>         |
| <b>Liabilities</b>                                  |                                  |                       |                       |                               |
| Undistributed Monies                                | \$ 2,774,914                     | \$ -                  | \$ 2,774,914          | \$ -                          |
| Deposits Held and Due to Others                     | 1,766                            | -                     | 1,766                 | -                             |
| Due to Other Funds                                  | 3,599,161                        | 3,856,192             | 7,455,353             | -                             |
| Due to Other Governments                            | 305,803,666                      | 921,175,817           | 891,063,082           | 335,916,401                   |
| <b>Total Liabilities</b>                            | <b>\$ 312,179,507</b>            | <b>\$ 925,032,009</b> | <b>\$ 901,295,115</b> | <b>\$ 335,916,401</b>         |
| <b>All Other Agency Funds</b>                       |                                  |                       |                       |                               |
| <b>Assets</b>                                       |                                  |                       |                       |                               |
| Equity in Pooled Cash<br>and Cash Equivalents       | \$ 4,342,065                     | \$ 29,241,408         | \$ 28,264,595         | \$ 5,318,878                  |
| Cash and Cash Equivalents in<br>Segregated Accounts | 3,992,520                        | 73,787,692            | 73,411,103            | 4,369,109                     |
| Special Assessments Receivable                      | -                                | 303                   | -                     | 303                           |
| Investments in Segregated Accounts                  | 400,000                          | -                     | -                     | 400,000                       |
| Due from Other Funds                                | 481,309                          | 354,222               | 835,531               | -                             |
| Due from Other Governments                          | 248,841                          | 581,961               | 516,463               | 314,339                       |
| <b>Total Assets</b>                                 | <b>\$ 9,464,735</b>              | <b>\$ 103,965,586</b> | <b>\$ 103,027,692</b> | <b>\$ 10,402,629</b>          |
| <b>Liabilities</b>                                  |                                  |                       |                       |                               |
| Undistributed Monies                                | \$ 3,232,153                     | \$ 23,034,407         | \$ 22,488,517         | \$ 3,778,043                  |
| Deposits Held and Due to Others                     | 4,931,663                        | 37,716,527            | 36,837,230            | 5,810,960                     |
| Due to Other Funds                                  | 657,202                          | 7,557,034             | 8,214,236             | -                             |
| Due to Other Governments                            | 528,717                          | 35,303,396            | 35,133,487            | 698,626                       |
| Loans Payable                                       | 115,000                          | -                     | -                     | 115,000                       |
| <b>Total Liabilities</b>                            | <b>\$ 9,464,735</b>              | <b>\$ 103,611,364</b> | <b>\$ 102,673,470</b> | <b>\$ 10,402,629</b>          |

(Continued)

Butler County, Ohio  
 Combining Statement of Changes in Assets and Liabilities  
 All Agency Funds  
 For the Year Ended December 31, 2002 (Continued)

|   | Beginning<br>Balance<br>01/01/02 | Additions               | Deductions              | Ending<br>Balance<br>12/31/02 |
|---|----------------------------------|-------------------------|-------------------------|-------------------------------|
| <b>Total - All Funds</b>                            |                                  |                         |                         |                               |
| <b>Assets</b>                                       |                                  |                         |                         |                               |
| Equity in Pooled Cash<br>and Cash Equivalents       | \$ 20,607,399                    | \$ 630,372,134          | \$ 629,789,345          | \$ 21,190,188                 |
| Cash and Cash Equivalents in<br>Segregated Accounts | 3,992,520                        | 73,792,691              | 73,411,103              | 4,374,108                     |
| Taxes Receivable                                    | 255,602,456                      | 278,329,209             | 255,602,456             | 278,329,209                   |
| Special Assessments Receivable                      | 21,930,432                       | 26,821,692              | 22,470,173              | 26,281,951                    |
| Investments in Segregated Accounts                  | 400,000                          | -                       | -                       | 400,000                       |
| Due from Other Funds                                | 487,959                          | 359,221                 | 847,180                 | -                             |
| Due from Other Governments                          | 18,623,476                       | 19,327,647              | 22,207,549              | 15,743,574                    |
| <b>Total Assets</b>                                 | <b>\$ 321,644,242</b>            | <b>\$ 1,029,002,594</b> | <b>\$ 1,004,327,806</b> | <b>\$ 346,319,030</b>         |
| <b>Liabilities</b>                                  |                                  |                         |                         |                               |
| Undistributed Monies                                | \$ 6,007,067                     | \$ 23,034,407           | \$ 25,263,431           | \$ 3,778,043                  |
| Deposits Held and Due to Others                     | 4,933,429                        | 37,716,527              | 36,838,996              | 5,810,960                     |
| Due to Other Funds                                  | 4,256,363                        | 11,413,226              | 15,669,589              | -                             |
| Due to Other Governments                            | 306,332,383                      | 956,479,213             | 926,196,569             | 336,615,027                   |
| Loans Payable                                       | 115,000                          | -                       | -                       | 115,000                       |
| <b>Total Liabilities</b>                            | <b>\$ 321,644,242</b>            | <b>\$ 1,028,643,373</b> | <b>\$ 1,003,968,585</b> | <b>\$ 346,319,030</b>         |

**Individual Fund Schedules of Revenues,  
Expenditures/Expenses, and Changes in Fund  
Balance – Budget (Budget Basis) and Actual**

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
General Fund  
Budget Basis  
For the Year Ended December 31, 2002

|                                  | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Positive<br>(Negative) |
|----------------------------------|--------------------|-------------------|-------------------|------------------------------------|
| <b>Revenues:</b>                 |                    |                   |                   |                                    |
| Taxes                            | \$ 27,103,500      | \$ 27,103,500     | \$ 27,220,694     | \$ 117,194                         |
| Charges for Services             | 28,607,893         | 21,108,100        | 22,234,032        | 1,125,932                          |
| Licenses and Permits             | 23,130             | 20,130            | 20,665            | 535                                |
| Fines and Forfeitures            | 989,500            | 989,500           | 1,122,528         | 133,028                            |
| Intergovernmental                | 7,610,000          | 7,330,000         | 8,593,255         | 1,263,255                          |
| Interest                         | 4,551,050          | 4,525,050         | 4,725,519         | 200,469                            |
| Other                            | 936,010            | 936,010           | 2,080,485         | 1,144,475                          |
| <b>Total Revenues</b>            | <b>69,821,083</b>  | <b>62,012,290</b> | <b>65,997,178</b> | <b>3,984,888</b>                   |
| <b>Expenditures:</b>             |                    |                   |                   |                                    |
| <b>Current:</b>                  |                    |                   |                   |                                    |
| <b>General Government :</b>      |                    |                   |                   |                                    |
| <b>Legislative and Executive</b> |                    |                   |                   |                                    |
| <b>Commissioners</b>             |                    |                   |                   |                                    |
| Personal Services                | 934,504            | 925,594           | 925,583           | 11                                 |
| Materials and Supplies           | 38,703             | 26,660            | 25,242            | 1,418                              |
| Contractual Services             | 154,246            | 166,529           | 162,808           | 3,721                              |
| Capital Outlay                   | 1,000              | 734               | 734               | -                                  |
| Other                            | 55,898             | 55,898            | 55,745            | 153                                |
| <b>Total Commissioners</b>       | <b>1,184,351</b>   | <b>1,175,415</b>  | <b>1,170,112</b>  | <b>5,303</b>                       |
| <b>Commissioners-Other</b>       |                    |                   |                   |                                    |
| Contractual Services             | 816,388            | 708,500           | 658,899           | 49,601                             |
| Other                            | 580,000            | 925,000           | 916,945           | 8,055                              |
| <b>Total Commissioners-Other</b> | <b>1,396,388</b>   | <b>1,633,500</b>  | <b>1,575,844</b>  | <b>57,656</b>                      |
| <b>Auditor</b>                   |                    |                   |                   |                                    |
| Personal Services                | 1,357,887          | 1,315,747         | 1,315,615         | 132                                |
| Materials and Supplies           | 30,956             | 30,956            | 30,454            | 502                                |
| Contractual Services             | 106,604            | 131,473           | 129,841           | 1,632                              |
| Capital Outlay                   | 12,000             | 5,245             | 5,131             | 114                                |
| Other                            | 10,245             | 18,045            | 14,974            | 3,071                              |
| <b>Total Auditor</b>             | <b>1,517,692</b>   | <b>1,501,466</b>  | <b>1,496,015</b>  | <b>5,451</b>                       |
| <b>Treasurer</b>                 |                    |                   |                   |                                    |
| Personal Services                | 895,860            | 929,146           | 919,953           | 9,193                              |
| Materials and Supplies           | 27,504             | 27,504            | 27,274            | 230                                |
| Contractual Services             | 75,800             | 63,300            | 62,987            | 313                                |
| Capital Outlay                   | 25,298             | 3,597             | 3,597             | -                                  |
| Other                            | 4,200              | 4,200             | 4,161             | 39                                 |
| <b>Total Treasurer</b>           | <b>1,028,662</b>   | <b>1,027,747</b>  | <b>1,017,972</b>  | <b>9,775</b>                       |
| <b>Prosecutor</b>                |                    |                   |                   |                                    |
| Personal Services                | 2,676,372          | 2,990,799         | 2,891,681         | 99,118                             |
| Materials and Supplies           | 55,898             | 69,933            | 64,394            | 5,539                              |
| Contractual Services             | 110,690            | 133,519           | 128,256           | 5,263                              |
| Capital Outlay                   | 42,376             | 27,557            | 27,377            | 180                                |
| Other                            | 121,884            | 92,628            | 85,607            | 7,021                              |
| <b>Total Prosecutor</b>          | <b>3,007,220</b>   | <b>3,314,436</b>  | <b>3,197,315</b>  | <b>117,121</b>                     |

(continued)



Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
General Fund (continued)  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |
|---|--------------------|------------------|------------------|------------------------------------|
| <b>Prosecutors-CSEA</b>                               |                    |                  |                  |                                    |
| Personal Services                                     | \$ 244,176         | \$ 208,985       | \$ 186,692       | \$ 22,293                          |
| Materials and Supplies                                | 3,000              | 1,955            | 1,869            | 86                                 |
| Contractual Services                                  | 7,500              | 25,000           | 24,985           | 15                                 |
| Capital Outlay  | 2,300              | 578              | 577              | 1                                  |
| Other   | 3,000              | 6,545            | 6,538            | 7                                  |
| <b>Total Prosecutors-CSEA</b>                         | <b>259,976</b>     | <b>243,063</b>   | <b>220,661</b>   | <b>22,402</b>                      |
| <b>Department of Development</b>                      |                    |                  |                  |                                    |
| Personal Services                                     | 1,383,598          | 1,298,598        | 1,285,427        | 13,171                             |
| Materials and Supplies                                | 20,596             | 24,096           | 22,547           | 1,549                              |
| Contractual Services                                  | 177,127            | 173,627          | 158,496          | 15,131                             |
| Capital Outlay  | 48,200             | 4,337            | 4,337            | -                                  |
| Other   | 26,561             | 26,561           | 26,544           | 17                                 |
| <b>Total Department of Development</b>                | <b>1,656,082</b>   | <b>1,527,219</b> | <b>1,497,351</b> | <b>29,868</b>                      |
| <b>Mailroom</b>                                       |                    |                  |                  |                                    |
| Personal Services                                     | 86,090             | 96,970           | 96,679           | 291                                |
| Materials and Supplies                                | 601,084            | 651,084          | 640,819          | 10,265                             |
| Contractual Services                                  | 500                | 220              | 208              | 12                                 |
| Other   | 2,000              | 1,000            | 823              | 177                                |
| <b>Total Mailroom</b>                                 | <b>689,674</b>     | <b>749,274</b>   | <b>738,529</b>   | <b>10,745</b>                      |
| <b>Information Services</b>                           |                    |                  |                  |                                    |
| Personal Services                                     | 1,176,200          | 1,242,812        | 1,242,125        | 687                                |
| Materials and Supplies                                | 53,544             | 35,544           | 35,463           | 81                                 |
| Contractual Services                                  | 182,421            | 107,921          | 107,855          | 66                                 |
| Capital Outlay  | 37,168             | 11,086           | 11,086           | -                                  |
| <b>Total Information Services</b>                     | <b>1,449,333</b>   | <b>1,397,363</b> | <b>1,396,529</b> | <b>834</b>                         |
| <b>Prosecutors Child Support Task Force</b>           |                    |                  |                  |                                    |
| Personal Services                                     | 274,928            | 41,739           | 41,739           | -                                  |
| Materials and Supplies                                | 6,500              | 465              | 465              | -                                  |
| Contractual Services                                  | 13,569             | 2,740            | 2,606            | 134                                |
| <b>Total Prosecutors Child Support<br/>Task Force</b> | <b>294,997</b>     | <b>44,944</b>    | <b>44,810</b>    | <b>134</b>                         |
| <b>Prosecutor Gun Control</b>                         |                    |                  |                  |                                    |
| Personal Services                                     | -                  | 31,475           | 29,195           | 2,280                              |
| <b>Total Prosecutor Gun Control</b>                   | <b>-</b>           | <b>31,475</b>    | <b>29,195</b>    | <b>2,280</b>                       |
| <b>Board of Elections</b>                             |                    |                  |                  |                                    |
| Personal Services                                     | 922,729            | 957,778          | 955,001          | 2,777                              |
| Materials and Supplies                                | 127,915            | 141,474          | 141,299          | 175                                |
| Contractual Services                                  | 348,679            | 364,078          | 364,050          | 28                                 |
| Capital Outlay  | 55,838             | -                | -                | -                                  |
| Other   | 392                | -                | -                | -                                  |
| <b>Total Board of Elections</b>                       | <b>1,455,553</b>   | <b>1,463,330</b> | <b>1,460,350</b> | <b>2,980</b>                       |

(continued)

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
General Fund (continued)  
Budget Basis  
For the Year Ended December 31, 2002

|  | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Positive<br>(Negative) |
|--|--------------------|-------------------|-------------------|------------------------------------|
| <b>Recorder</b>  |                    |                   |                   |                                    |
| Personal Services  | \$ 763,623         | \$ 780,246        | \$ 729,583        | \$ 50,663                          |
| Materials and Supplies   | 10,000             | 9,000             | 8,803             | 197                                |
| Contractual Services   | 28,000             | 10,000            | 8,434             | 1,566                              |
| Capital Outlay   | 14,500             | -                 | -                 | -                                  |
| Other  | 7,500              | 7,500             | 7,170             | 330                                |
| <b>Total Recorder</b>  | <b>823,623</b>     | <b>806,746</b>    | <b>753,990</b>    | <b>52,756</b>                      |
| <b>Maintenance</b>   |                    |                   |                   |                                    |
| Personal Services  | 311,670            | 315,994           | 301,770           | 14,224                             |
| Materials and Supplies   | 50,000             | 45,000            | 41,927            | 3,073                              |
| Contractual Services   | 3,450,018          | 3,587,694         | 3,469,947         | 117,747                            |
| Other  | 246,907            | 246,907           | 216,267           | 30,640                             |
| <b>Total Maintenance</b>                                       | <b>4,058,595</b>   | <b>4,195,595</b>  | <b>4,029,911</b>  | <b>165,684</b>                     |
| <b>Records Center</b>  |                    |                   |                   |                                    |
| Personal Services  | 249,604            | 247,604           | 233,873           | 13,731                             |
| Materials and Supplies   | 22,411             | 22,411            | 20,838            | 1,573                              |
| Contractual Services   | 68,451             | 68,451            | 64,435            | 4,016                              |
| Capital Outlay   | 10,325             | 2,400             | 321               | 2,079                              |
| Other  | 5,224              | 5,224             | 4,495             | 729                                |
| <b>Total Records Center</b>                                    | <b>356,015</b>     | <b>346,090</b>    | <b>323,962</b>    | <b>22,128</b>                      |
| <b>Bureau of Inspection</b>                                    |                    |                   |                   |                                    |
| Contractual Services   | 127,195            | 127,195           | 127,195           | -                                  |
| <b>Total Bureau of Inspection</b>                              | <b>127,195</b>     | <b>127,195</b>    | <b>127,195</b>    | <b>-</b>                           |
| <b>Jail Transition Team</b>                                    |                    |                   |                   |                                    |
| Personal Services  | 250,000            | 240,500           | 235,338           | 5,162                              |
| <b>Total Jail Transition Team</b>                              | <b>250,000</b>     | <b>240,500</b>    | <b>235,338</b>    | <b>5,162</b>                       |
| <b>Insurance, Pension and Taxes</b>                            |                    |                   |                   |                                    |
| Personal Services  | 125,950            | 125,950           | 101,066           | 24,884                             |
| Contractual Services   | 10,946,000         | 10,014,000        | 9,237,547         | 776,453                            |
| Other  | 172,172            | 224,172           | 207,692           | 16,480                             |
| <b>Total Insurance, Pension<br/>and Taxes</b>                  | <b>11,244,122</b>  | <b>10,364,122</b> | <b>9,546,305</b>  | <b>817,817</b>                     |
| <b>Total General Government:<br/>Legislative and Executive</b> | <b>30,799,478</b>  | <b>30,189,480</b> | <b>28,861,384</b> | <b>1,328,096</b>                   |
| <b>General Government:<br/>Judicial</b>                        |                    |                   |                   |                                    |
| <b>Common Pleas Court</b>                                      |                    |                   |                   |                                    |
| Personal Services  | 1,094,453          | 1,108,833         | 1,098,472         | 10,361                             |
| Materials and Supplies   | 16,170             | 18,235            | 18,173            | 62                                 |
| Contractual Services   | 993,520            | 1,164,039         | 1,077,849         | 86,190                             |
| Capital Outlay   | 54,799             | 25,933            | 25,933            | -                                  |
| Other  | 31,563             | 28,563            | 20,465            | 8,098                              |
| <b>Total Common Pleas Court</b>                                | <b>2,190,505</b>   | <b>2,345,603</b>  | <b>2,240,892</b>  | <b>104,711</b>                     |

(continued)

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
General Fund (continued)  
Budget Basis  
For the Year Ended December 31, 2002

|                                       | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |
|---------------------------------------|--------------------|------------------|------------------|------------------------------------|
| <b>Probate Court</b>                  |                    |                  |                  |                                    |
| Personal Services                     | \$ 667,068         | \$ 664,568       | \$ 663,438       | \$ 1,130                           |
| Materials and Supplies                | 34,482             | 34,482           | 30,746           | 3,736                              |
| Contractual Services                  | 27,100             | 28,600           | 25,403           | 3,197                              |
| Other                                 | 3,600              | 3,600            | 2,587            | 1,013                              |
| <b>Total Probate Court</b>            | <b>732,250</b>     | <b>731,250</b>   | <b>722,174</b>   | <b>9,076</b>                       |
| <b>County Courts</b>                  |                    |                  |                  |                                    |
| Personal Services                     | 926,561            | 917,751          | 911,667          | 6,084                              |
| Materials and Supplies                | 29,991             | 24,791           | 23,544           | 1,247                              |
| Contractual Services                  | 138,690            | 188,700          | 154,687          | 34,013                             |
| Other                                 | 13,225             | 15,225           | 14,974           | 251                                |
| <b>Total County Courts</b>            | <b>1,108,467</b>   | <b>1,146,467</b> | <b>1,104,872</b> | <b>41,595</b>                      |
| <b>Juvenile Court</b>                 |                    |                  |                  |                                    |
| Personal Services                     | 2,271,352          | 2,231,852        | 2,216,795        | 15,057                             |
| Materials and Supplies                | 62,475             | 73,875           | 71,568           | 2,307                              |
| Contractual Services                  | 520,440            | 1,057,540        | 1,035,826        | 21,714                             |
| Capital Outlay                        | 11,005             | 7,837            | 7,837            | -                                  |
| Other                                 | 10,050             | 15,050           | 14,783           | 267                                |
| <b>Total Juvenile Court</b>           | <b>2,875,322</b>   | <b>3,386,154</b> | <b>3,346,809</b> | <b>39,345</b>                      |
| <b>Domestic Relations Court</b>       |                    |                  |                  |                                    |
| Personal Services                     | 1,630,932          | 1,574,473        | 1,556,534        | 17,939                             |
| Materials and Supplies                | 31,999             | 30,499           | 30,158           | 341                                |
| Contractual Services                  | 105,806            | 116,265          | 115,532          | 733                                |
| Capital Outlay                        | 5,000              | -                | -                | -                                  |
| Other                                 | 28,153             | 40,653           | 40,396           | 257                                |
| <b>Total Domestic Relations Court</b> | <b>1,801,890</b>   | <b>1,761,890</b> | <b>1,742,620</b> | <b>19,270</b>                      |
| <b>Municipal Courts</b>               |                    |                  |                  |                                    |
| Personal Services                     | 329,290            | 326,290          | 305,868          | 20,422                             |
| Contractual Services                  | 292,500            | 343,000          | 331,614          | 11,386                             |
| Other                                 | 1,000              | 500              | 400              | 100                                |
| <b>Total Municipal Courts</b>         | <b>622,790</b>     | <b>669,790</b>   | <b>637,882</b>   | <b>31,908</b>                      |
| <b>Drug Court</b>                     |                    |                  |                  |                                    |
| Personal Services                     | 401,951            | 404,580          | 404,325          | 255                                |
| Materials and Supplies                | 1,246              | 1,246            | 972              | 274                                |
| Contractual Services                  | 130,366            | 130,752          | 125,352          | 5,400                              |
| Capital Outlay                        | 1,500              | -                | -                | -                                  |
| Other                                 | 11,438             | 8,323            | 8,314            | 9                                  |
| <b>Total Drug Court</b>               | <b>546,501</b>     | <b>544,901</b>   | <b>538,963</b>   | <b>5,938</b>                       |
| <b>Clerk of Courts</b>                |                    |                  |                  |                                    |
| Personal Services                     | 1,096,814          | 1,068,814        | 1,053,978        | 14,836                             |
| Materials and Supplies                | 41,132             | 48,132           | 48,092           | 40                                 |
| Contractual Services                  | 5,330              | 5,330            | 5,330            | -                                  |
| Capital Outlay                        | 12,400             | 34,950           | 34,950           | -                                  |
| Other                                 | 600                | 600              | 600              | -                                  |
| <b>Total Clerk of Courts</b>          | <b>1,156,276</b>   | <b>1,157,826</b> | <b>1,142,950</b> | <b>14,876</b>                      |

(continued)

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
General Fund (continued)  
Budget Basis  
For the Year Ended December 31, 2002

|  | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Positive<br>(Negative) |
|--|--------------------|-------------------|-------------------|------------------------------------|
| <b>Asbestos Removal</b>                |                    |                   |                   |                                    |
| Personal Services                      | \$ 29,141          | \$ 29,691         | \$ 29,135         | \$ 556                             |
| Contractual Services                   | 2,000              | 1,250             | -                 | 1,250                              |
| <b>Total Asbestos Removal</b>          | <b>31,141</b>      | <b>30,941</b>     | <b>29,135</b>     | <b>1,806</b>                       |
| <b>Court of Appeals</b>                |                    |                   |                   |                                    |
| Personal Services                      | 221,018            | 204,018           | 197,798           | 6,220                              |
| Materials and Supplies                 | 20,898             | 24,898            | 22,602            | 2,296                              |
| Contractual Services                   | 94,825             | 95,825            | 78,617            | 17,208                             |
| Capital Outlay                         | 18,273             | 14,137            | 14,137            | -                                  |
| Other                                  | 114,362            | 109,362           | 104,005           | 5,357                              |
| <b>Total Court of Appeals</b>          | <b>469,376</b>     | <b>448,240</b>    | <b>417,159</b>    | <b>31,081</b>                      |
| <b>Total General Government:</b>       |                    |                   |                   |                                    |
| <b>Judicial</b>                        | <b>11,534,518</b>  | <b>12,223,062</b> | <b>11,923,456</b> | <b>299,606</b>                     |
| <b>Public Safety</b>                   |                    |                   |                   |                                    |
| <b>Coroner</b>                         |                    |                   |                   |                                    |
| Personal Services                      | 379,623            | 469,623           | 462,674           | 6,949                              |
| Materials and Supplies                 | 8,000              | 8,000             | 6,581             | 1,419                              |
| Contractual Services                   | 8,190              | 8,190             | 8,063             | 127                                |
| Other                                  | 215,979            | 215,979           | 208,800           | 7,179                              |
| <b>Total Coroner</b>                   | <b>611,792</b>     | <b>701,792</b>    | <b>686,118</b>    | <b>15,674</b>                      |
| <b>Sheriff</b>                         |                    |                   |                   |                                    |
| Personal Services                      | 13,684,569         | 13,471,633        | 13,287,359        | 184,274                            |
| Materials and Supplies                 | 433,360            | 433,360           | 405,247           | 28,113                             |
| Contractual Services                   | 678,947            | 678,947           | 670,023           | 8,924                              |
| Capital Outlay                         | 320,221            | 58,609            | 58,607            | 2                                  |
| Other                                  | 335,534            | 335,534           | 335,476           | 58                                 |
| <b>Total Sheriff</b>                   | <b>15,452,631</b>  | <b>14,978,083</b> | <b>14,756,712</b> | <b>221,371</b>                     |
| <b>Juvenile Detention Center</b>       |                    |                   |                   |                                    |
| Personal Services                      | 1,731,081          | 1,679,179         | 1,678,527         | 652                                |
| Materials and Supplies                 | 116,861            | 153,590           | 152,633           | 957                                |
| Contractual Services                   | 66,934             | 65,107            | 64,129            | 978                                |
| Capital Outlay                         | 4,760              | -                 | -                 | -                                  |
| Other                                  | 36,603             | 34,603            | 32,120            | 2,483                              |
| <b>Total Juvenile Detention Center</b> | <b>1,956,239</b>   | <b>1,932,479</b>  | <b>1,927,409</b>  | <b>5,070</b>                       |
| <b>Adult Probation</b>                 |                    |                   |                   |                                    |
| Personal Services                      | 1,437,254          | 1,425,443         | 1,408,059         | 17,384                             |
| Materials and Supplies                 | 120,012            | 124,712           | 124,519           | 193                                |
| Contractual Services                   | 51,669             | 58,480            | 56,886            | 1,594                              |
| Capital Outlay                         | 7,950              | 2,068             | 2,068             | -                                  |
| Other                                  | 12,000             | 12,300            | 10,841            | 1,459                              |
| <b>Total Adult Probation</b>           | <b>1,628,885</b>   | <b>1,623,003</b>  | <b>1,602,373</b>  | <b>20,630</b>                      |

(continued)

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
General Fund (continued)  
Budget Basis  
For the Year Ended December 31, 2002

|  | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Positive<br>(Negative) |
|--|--------------------|-------------------|-------------------|------------------------------------|
| <b>Paramedics</b>                                      |                    |                   |                   |                                    |
| Personal Services                                      | \$ 454,285         | \$ 518,285        | \$ 483,570        | \$ 34,715                          |
| Materials and Supplies                                 | 15,977             | 15,977            | 15,957            | 20                                 |
| Contractual Services                                   | 686,679            | 686,679           | 686,413           | 266                                |
| Capital Outlay   | 1,960              | 1,192             | 1,190             | 2                                  |
| <b>Total Paramedics</b>                                | <b>1,158,901</b>   | <b>1,222,133</b>  | <b>1,187,130</b>  | <b>35,003</b>                      |
| <b>Criminal Justice Board</b>                          |                    |                   |                   |                                    |
| Personal Services                                      | 45,214             | 42,714            | 42,394            | 320                                |
| Materials and Supplies                                 | 2,500              | 2,500             | 66                | 2,434                              |
| Contractual Services                                   | 8,500              | 8,500             | 90                | 8,410                              |
| Capital Outlay   | 2,000              | -                 | -                 | -                                  |
| Other  | 2,500              | 2,500             | -                 | 2,500                              |
| <b>Total Criminal Justice Board</b>                    | <b>60,714</b>      | <b>56,214</b>     | <b>42,550</b>     | <b>13,664</b>                      |
| <b>Butler Clermont Warren Corrections<br/>Facility</b> |                    |                   |                   |                                    |
| Personal Services                                      | 28,885             | 28,885            | 27,992            | 893                                |
| <b>Total BCW Corrections Facility</b>                  | <b>28,885</b>      | <b>28,885</b>     | <b>27,992</b>     | <b>893</b>                         |
| <b>Sheriffs Academy</b>                                |                    |                   |                   |                                    |
| Materials and Supplies                                 | 4,000              | 4,000             | 3,945             | 55                                 |
| Contractual Services                                   | 10,700             | 10,700            | 10,545            | 155                                |
| Capital Outlay   | 9,150              | -                 | -                 | -                                  |
| Other  | 13,695             | 13,695            | 13,467            | 228                                |
| <b>Total Sheriffs Academy</b>                          | <b>37,545</b>      | <b>28,395</b>     | <b>27,957</b>     | <b>438</b>                         |
| <b>Sheriffs Resolutions</b>                            |                    |                   |                   |                                    |
| Personal Services                                      | 1,784,518          | 1,729,518         | 1,696,100         | 33,418                             |
| Contractual Services                                   | 2,228,163          | 2,628,163         | 2,388,818         | 239,345                            |
| Capital Outlay   | 37,339             | 27,380            | 26,869            | 511                                |
| Other  | 5,145              | 5,145             | 4,618             | 527                                |
| <b>Total Sheriffs Resolutions</b>                      | <b>4,055,165</b>   | <b>4,390,206</b>  | <b>4,116,405</b>  | <b>273,801</b>                     |
| <b>Total Public Safety</b>                             | <b>24,990,757</b>  | <b>24,961,190</b> | <b>24,374,646</b> | <b>586,544</b>                     |
| <b>Public Works</b>                                    |                    |                   |                   |                                    |
| <b>Engineers-Plat Room</b>                             |                    |                   |                   |                                    |
| Personal Services                                      | 153,888            | 153,888           | 151,084           | 2,804                              |
| <b>Total Engineers-Plat Room</b>                       | <b>153,888</b>     | <b>153,888</b>    | <b>151,084</b>    | <b>2,804</b>                       |
| <b>Community Grants</b>                                |                    |                   |                   |                                    |
| Contractual Services                                   | -                  | 571,100           | 571,028           | 72                                 |
| <b>Total Community Grants</b>                          | <b>-</b>           | <b>571,100</b>    | <b>571,028</b>    | <b>72</b>                          |
| <b>Solid Waste Landfill</b>                            |                    |                   |                   |                                    |
| Contractual Services                                   | 100,000            | 100,000           | 46,117            | 53,883                             |
| <b>Total Solid Waste Landfill</b>                      | <b>100,000</b>     | <b>100,000</b>    | <b>46,117</b>     | <b>53,883</b>                      |
| <b>Total Public Works</b>                              | <b>253,888</b>     | <b>824,988</b>    | <b>768,229</b>    | <b>56,759</b>                      |

(continued)

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
General Fund (continued)  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget | Final<br>Budget | Actual      | Variance<br>Positive<br>(Negative) |
|---|--------------------|-----------------|-------------|------------------------------------|
| <b>Health</b>   |                    |                 |             |                                    |
| Registration Vital Statistics                           | \$ -               | \$ -            | \$ -        | \$ -                               |
| Other   | 6,500              | 6,864           | 6,864       | -                                  |
| Total Registration Vital Statistics                     | 6,500              | 6,864           | 6,864       | -                                  |
| Other-Health  |                    |                 |             |                                    |
| Contractual Service                                     | 425,262            | 425,262         | 425,262     | -                                  |
| Other   | 17,000             | 17,000          | -           | 17,000                             |
| Total Other-Health                                      | 442,262            | 442,262         | 425,262     | 17,000                             |
| <b>Total Health</b>                                     | 448,762            | 449,126         | 432,126     | 17,000                             |
| <b>Human Services</b>                                   |                    |                 |             |                                    |
| Soldiers Relief   |                    |                 |             |                                    |
| Personal Services                                       | 463,780            | 447,780         | 417,724     | 30,056                             |
| Materials and Supplies                                  | 9,897              | 9,897           | 5,306       | 4,591                              |
| Contractual Services                                    | 41,956             | 41,956          | 16,741      | 25,215                             |
| Capital Outlay  | 14,298             | 1,850           | 1,850       | -                                  |
| Other   | 399,658            | 399,658         | 284,437     | 115,221                            |
| Total Soldiers Relief                                   | 929,589            | 901,141         | 726,058     | 175,083                            |
| Veterans Services                                       |                    |                 |             |                                    |
| Contractual Services                                    | 16,000             | 15,560          | 12,750      | 2,810                              |
| Other   | 5,000              | 5,440           | 5,439       | 1                                  |
| Total Veterans Services                                 | 21,000             | 21,000          | 18,189      | 2,811                              |
| <b>Total Human Services</b>                             | 950,589            | 922,141         | 744,247     | 177,894                            |
| <b>Conservation and Recreation</b>                      |                    |                 |             |                                    |
| Agricultural  |                    |                 |             |                                    |
| Contractual Services                                    | 3,000              | 3,000           | 2,642       | 358                                |
| Other   | 460,080            | 460,080         | 460,080     | -                                  |
| Total Agricultural                                      | 463,080            | 463,080         | 462,722     | 358                                |
| Emergency Management                                    |                    |                 |             |                                    |
| Other   | 28,000             | 53,000          | 28,000      | 25,000                             |
| Total Emergency Management                              | 28,000             | 53,000          | 28,000      | 25,000                             |
| Historical Society                                      |                    |                 |             |                                    |
| Other   | 30,000             | 30,000          | 30,000      | -                                  |
| Total Historical Society                                | 30,000             | 30,000          | 30,000      | -                                  |
| <b>Total Conservation and Recreation</b>                | 521,080            | 546,080         | 520,722     | 25,358                             |
| <b>Total Expenditures</b>                               | 69,499,072         | 70,116,067      | 67,624,810  | 2,491,257                          |
| <b>Excess of Revenues Over (Under)<br/>Expenditures</b> | 322,011            | (8,103,777)     | (1,627,632) | 6,476,145                          |

(continued)

Butler County, Ohio  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance-Budget and Actual  
 General Fund (continued)  
 Budget Basis  
 For the Year Ended December 31, 2002

|   | Original<br>Budget   | Final<br>Budget     | Actual              | Variance<br>Positive<br>(Negative) |
|---|----------------------|---------------------|---------------------|------------------------------------|
| <b>Other Financing Sources (Uses):</b>            |                      |                     |                     |                                    |
| <i>Other Financing Sources</i>                    | \$ 4,035,000         | \$ 4,344,000        | \$ 5,476,264        | \$ 1,132,264                       |
| Advances - In                                     | -                    | 42,000              | 42,000              | -                                  |
| Advances - Out                                    | -                    | (206,615)           | (206,615)           | -                                  |
| Operating Transfers - In                          | 100,000              | 58,000              | 57,775              | (225)                              |
| Operating Transfers - Out                         | (4,924,411)          | (5,877,742)         | (5,857,352)         | 20,390                             |
| <b>Total Other Financing<br/>  Sources (Uses)</b> | <u>(789,411)</u>     | <u>(1,640,357)</u>  | <u>(487,928)</u>    | <u>1,152,429</u>                   |
| <b>Net Change in Fund Balance</b>                 | (467,400)            | (9,744,134)         | (2,115,560)         | 7,628,574                          |
| <b>Fund Balance at Beginning of Year</b>          | 11,125,653           | 11,125,653          | 11,125,653          | -                                  |
| <b>Prior Year Encumbrances Appropriated</b>       | 766,518              | 766,518             | 766,518             | -                                  |
| <b>Fund Balance at End of Year</b>                | <u>\$ 11,424,771</u> | <u>\$ 2,148,037</u> | <u>\$ 9,776,611</u> | <u>\$ 7,628,574</u>                |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Mental Retardation-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|  | Original<br>Budget  | Final<br>Budget     | Actual              | Variance<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|------------------------------------|
| <b>Revenues:</b>                                   |                     |                     |                     |                                    |
| Taxes  | \$ 15,171,420       | \$ 13,961,420       | \$ 13,954,379       | \$ (7,041)                         |
| Charges for Services                               | 742,330             | 481,730             | 464,951             | (16,779)                           |
| Intergovernmental                                  | 10,180,000          | 10,420,000          | 10,334,812          | (85,188)                           |
| Other  | 474,500             | 140,000             | 338,099             | 198,099                            |
| <b>Total Revenues</b>                              | <u>26,568,250</u>   | <u>25,003,150</u>   | <u>25,092,241</u>   | <u>89,091</u>                      |
| <b>Expenditures:</b>                               |                     |                     |                     |                                    |
| <b>Current:</b>                                    |                     |                     |                     |                                    |
| <b>Health</b>                                      |                     |                     |                     |                                    |
| <b>Mental Retardation</b>                          |                     |                     |                     |                                    |
| Personal Services                                  | 13,380,750          | 14,242,099          | 14,185,440          | 56,659                             |
| Materials and Supplies                             | 907,732             | 1,259,283           | 1,026,031           | 233,252                            |
| Contractual Services                               | 10,235,323          | 9,702,196           | 9,030,490           | 671,706                            |
| Capital Outlay                                     | 1,206,822           | 1,406,822           | 1,372,816           | 34,006                             |
| Other  | 1,350,556           | 1,850,555           | 1,364,226           | 486,329                            |
| <b>Total Expenditures</b>                          | <u>27,081,183</u>   | <u>28,460,955</u>   | <u>26,979,003</u>   | <u>1,481,952</u>                   |
| <b>Excess of Revenues<br/>(Under) Expenditures</b> | <u>(512,933)</u>    | <u>(3,457,805)</u>  | <u>(1,886,762)</u>  | <u>1,571,043</u>                   |
| <b>Other Financing Sources (Uses):</b>             |                     |                     |                     |                                    |
| Other Financing Sources                            | -                   | -                   | 20,592              | 20,592                             |
| Operating Transfers - Out                          | -                   | (1,490)             | -                   | 1,490                              |
| <b>Total Other Financing Sources</b>               | <u>-</u>            | <u>(1,490)</u>      | <u>20,592</u>       | <u>22,082</u>                      |
| <b>Net Change in Fund Balance</b>                  | <u>(512,933)</u>    | <u>(3,459,295)</u>  | <u>(1,866,170)</u>  | <u>1,593,125</u>                   |
| <b>Fund Balance at Beginning of Year</b>           | 7,412,103           | 7,412,103           | 7,412,103           | -                                  |
| <b>Prior Year Encumbrances Appropriated</b>        | 1,464,931           | 1,464,931           | 1,464,931           | -                                  |
| <b>Fund Balance at End of Year</b>                 | <u>\$ 8,364,101</u> | <u>\$ 5,417,739</u> | <u>\$ 7,010,864</u> | <u>\$ 1,593,125</u>                |



Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Job and Family Services-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|  | Original<br>Budget  | Final<br>Budget    | Actual              | Variance<br>Positive<br>(Negative) |
|--|---------------------|--------------------|---------------------|------------------------------------|
| <b>Revenues:</b>                                   |                     |                    |                     |                                    |
| Intergovernmental                                  | \$ 33,121,133       | \$ 27,703,418      | \$ 27,762,673       | \$ 59,255                          |
| Other  | 120,000             | 1,104,690          | 1,257,868           | 153,178                            |
| <b>Total Revenues</b>                              | <b>33,241,133</b>   | <b>28,808,108</b>  | <b>29,020,541</b>   | <b>212,433</b>                     |
| <b>Expenditures:</b>                               |                     |                    |                     |                                    |
| <b>Current:</b>                                    |                     |                    |                     |                                    |
| <b>Human Services</b>                              |                     |                    |                     |                                    |
| <b>Job and Family Services</b>                     |                     |                    |                     |                                    |
| Personal Services                                  | 8,331,000           | 8,293,510          | 8,213,280           | 80,230                             |
| Materials and Supplies                             | 236,080             | 326,080            | 314,583             | 11,497                             |
| Contractual Services                               | 20,057,982          | 19,460,472         | 17,964,702          | 1,495,770                          |
| Capital Outlay                                     | 98,820              | 533,820            | 459,015             | 74,805                             |
| Other  | 7,462,000           | 7,572,000          | 7,570,903           | 1,097                              |
| <b>Total Expenditures</b>                          | <b>36,185,882</b>   | <b>36,185,882</b>  | <b>34,522,483</b>   | <b>1,663,399</b>                   |
| <b>Excess of Revenues<br/>(Under) Expenditures</b> | <b>(2,944,749)</b>  | <b>(7,377,774)</b> | <b>(5,501,942)</b>  | <b>1,875,832</b>                   |
| <b>Other Financing Sources:</b>                    |                     |                    |                     |                                    |
| Other Financing Sources                            | -                   | 32,635             | 32,806              | 171                                |
| Operating Transfers - In                           | 1,159,000           | 1,159,257          | 1,159,257           | -                                  |
| <b>Total Other Financing Sources</b>               | <b>1,159,000</b>    | <b>1,191,892</b>   | <b>1,192,063</b>    | <b>171</b>                         |
| <b>Net Change in Fund Balance</b>                  | <b>(1,785,749)</b>  | <b>(6,185,882)</b> | <b>(4,309,879)</b>  | <b>1,876,003</b>                   |
| <b>Fund Balance at Beginning of Year</b>           | <b>4,498,988</b>    | <b>4,498,988</b>   | <b>4,498,988</b>    | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>        | <b>1,785,882</b>    | <b>1,785,882</b>   | <b>1,785,882</b>    | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>                 | <b>\$ 4,499,121</b> | <b>\$ 98,988</b>   | <b>\$ 1,974,991</b> | <b>\$ 1,876,003</b>                |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Children Services-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|  | Original<br>Budget | Final<br>Budget    | Actual             | Variance<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|------------------------------------|
| <b>Revenues:</b>                                   |                    |                    |                    |                                    |
| Taxes  | \$ 7,467,139       | \$ 7,667,139       | \$ 7,678,294       | \$ 11,155                          |
| Intergovernmental                                  | 10,840,806         | 10,490,806         | 9,848,417          | (642,389)                          |
| Other  | 5,000              | 155,000            | 161,389            | 6,389                              |
| <b>Total Revenues</b>                              | <b>18,312,945</b>  | <b>18,312,945</b>  | <b>17,688,100</b>  | <b>(624,845)</b>                   |
| <b>Expenditures:</b>                               |                    |                    |                    |                                    |
| <b>Current:</b>                                    |                    |                    |                    |                                    |
| <b>Human Services</b>                              |                    |                    |                    |                                    |
| <b>Children Services</b>                           |                    |                    |                    |                                    |
| Personal Services                                  | 8,004,390          | 8,104,390          | 7,740,634          | 363,756                            |
| Materials and Supplies                             | 68,059             | 79,059             | 74,460             | 4,599                              |
| Contractual Services                               | 15,951,372         | 15,790,410         | 15,584,713         | 205,697                            |
| Capital Outlay                                     | 52,600             | 52,600             | 52,163             | 437                                |
| Other  | 943,042            | 1,093,004          | 1,089,964          | 3,040                              |
| <b>Total Expenditures</b>                          | <b>25,019,463</b>  | <b>25,119,463</b>  | <b>24,541,934</b>  | <b>577,529</b>                     |
| <b>Excess of Revenues<br/>(Under) Expenditures</b> | <b>(6,706,518)</b> | <b>(6,806,518)</b> | <b>(6,853,834)</b> | <b>(47,316)</b>                    |
| <b>Other Financing Sources:</b>                    |                    |                    |                    |                                    |
| Other Financing Sources                            | 5,000              | 5,000              | 17,120             | 12,120                             |
| <b>Total Other Financing Sources</b>               | <b>5,000</b>       | <b>5,000</b>       | <b>17,120</b>      | <b>12,120</b>                      |
| <b>Net Change in Fund Balance</b>                  | <b>(6,701,518)</b> | <b>(6,801,518)</b> | <b>(6,836,714)</b> | <b>(35,196)</b>                    |
| <b>Fund Balance at Beginning of Year</b>           | <b>5,139,081</b>   | <b>5,139,081</b>   | <b>5,139,081</b>   | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>        | <b>1,732,774</b>   | <b>1,732,774</b>   | <b>1,732,774</b>   | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>                 | <b>\$ 170,337</b>  | <b>\$ 70,337</b>   | <b>\$ 35,141</b>   | <b>\$ (35,196)</b>                 |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Bond Retirement-Debt Service Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget   | Final<br>Budget     | Actual              | Variance<br>Positive<br>(Negative) |
|---|----------------------|---------------------|---------------------|------------------------------------|
| <b>Revenues:</b>                                    |                      |                     |                     |                                    |
| Special Assessments                                 | \$ 1,270,000         | \$ 1,508,000        | \$ 1,604,625        | \$ 96,625                          |
| Interest  | -                    | 11,842              | 11,842              | -                                  |
| <b>Total Revenues</b>                               | <b>1,270,000</b>     | <b>1,519,842</b>    | <b>1,616,467</b>    | <b>96,625</b>                      |
| <b>Expenditures:</b>                                |                      |                     |                     |                                    |
| <b>Debt Service:</b>                                |                      |                     |                     |                                    |
| Principal Retirement                                | 2,648,500            | 103,925,092         | 103,575,007         | 350,085                            |
| Interest and Fiscal Charges                         | 4,792,300            | 9,577,444           | 9,467,935           | 109,509                            |
| <b>Total Expenditures</b>                           | <b>7,440,800</b>     | <b>113,502,536</b>  | <b>113,042,942</b>  | <b>459,594</b>                     |
| <br>Excess of Revenues Over<br>(Under) Expenditures | <br>(6,170,800)      | <br>(111,982,694)   | <br>(111,426,475)   | <br>556,219                        |
| <b>Other Financing Sources (Uses):</b>              |                      |                     |                     |                                    |
| Other Financing Sources                             | -                    | 10,998              | 10,998              | -                                  |
| Proceeds of Bonds                                   | -                    | -                   | 416,324             | 416,324                            |
| Proceeds of Notes                                   | 26,850,000           | 62,959,158          | 62,960,000          | 842                                |
| Operating Transfers - In                            | 40,450,000           | 49,004,599          | 48,226,186          | (778,413)                          |
| Operating Transfers - Out                           | -                    | (266)               | -                   | 266                                |
| <b>Total Other Financing Sources (Uses)</b>         | <b>67,300,000</b>    | <b>111,974,489</b>  | <b>111,613,508</b>  | <b>(360,981)</b>                   |
| <br>Net Change in Fund Balance                      | <br>61,129,200       | <br>(8,205)         | <br>187,033         | <br>195,238                        |
| <br>Fund Balance at Beginning of Year               | <br>1,020,749        | <br>1,020,749       | <br>1,020,749       | <br>-                              |
| <b>Fund Balance at End of Year</b>                  | <b>\$ 62,149,949</b> | <b>\$ 1,012,544</b> | <b>\$ 1,207,782</b> | <b>\$ 195,238</b>                  |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Buildings Construction and Renovations-Capital Projects Fund  
Budget Basis  
For the Year Ended December 31, 2002

|  | Original<br>Budget  | Final<br>Budget    | Actual              | Variance<br>Positive<br>(Negative) |
|--|---------------------|--------------------|---------------------|------------------------------------|
| <b>Revenues:</b>                                 |                     |                    |                     |                                    |
| Intergovernmental                                | \$ 3,000,000        | \$ 5,897,370       | \$ 5,897,370        | \$ -                               |
| Interest   | -                   | 215,063            | 235,155             | 20,092                             |
| <b>Total Revenues</b>                            | <b>3,000,000</b>    | <b>6,112,433</b>   | <b>6,132,525</b>    | <b>20,092</b>                      |
| <b>Expenditures:</b>                             |                     |                    |                     |                                    |
| <b>Capital Outlay</b>                            |                     |                    |                     |                                    |
| Buildings Construction and Renovations           |                     |                    |                     |                                    |
| Contractual Services                             | 6,500,000           | 14,270,871         | 13,727,788          | 543,083                            |
| <b>Total Expenditures</b>                        | <b>6,500,000</b>    | <b>14,270,871</b>  | <b>13,727,788</b>   | <b>543,083</b>                     |
| <b>Excess of Revenues<br/>Under Expenditures</b> | <b>(3,500,000)</b>  | <b>(8,158,438)</b> | <b>(7,595,263)</b>  | <b>563,175</b>                     |
| <b>Other Financing Sources (Uses):</b>           |                     |                    |                     |                                    |
| Proceeds of Bonds                                | -                   | 31,580,564         | 31,200,000          | (380,564)                          |
| Proceeds of Notes                                | 3,500,000           | 4,370,000          | 4,520,000           | 150,000                            |
| Operating Transfers - In                         | -                   | 329,000            | 329,000             | -                                  |
| Operating Transfers - Out                        | -                   | (31,377,327)       | (31,375,169)        | 2,158                              |
| <b>Total Other Financing Sources (Uses)</b>      | <b>3,500,000</b>    | <b>4,902,237</b>   | <b>4,673,831</b>    | <b>(228,406)</b>                   |
| <b>Net Change in Fund Balance</b>                | <b>-</b>            | <b>(3,256,201)</b> | <b>(2,921,432)</b>  | <b>334,769</b>                     |
| <b>Fund Balance at Beginning of Year</b>         | <b>4,045,987</b>    | <b>4,045,987</b>   | <b>4,045,987</b>    | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>               | <b>\$ 4,045,987</b> | <b>\$ 789,786</b>  | <b>\$ 1,124,555</b> | <b>\$ 334,769</b>                  |

Butler County, Ohio  
Schedule of Revenues, Expenses, and  
Changes in Fund Equity-Budget and Actual  
Sewer -Enterprise Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget   | Final<br>Budget      | Actual               | Variance<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|------------------------------------|
| <b>Revenues:</b>                                    |                      |                      |                      |                                    |
| Charges for Services                                | \$ 16,390,000        | \$ 16,021,413        | \$ 16,193,472        | \$ 172,059                         |
| Special Assessments                                 | -                    | 230,000              | 232,589              | 2,589                              |
| Other Non-Operating Revenues                        | 4,183,600            | 4,230,280            | 6,938,936            | 2,708,656                          |
| Other Operating Revenues                            | 408,000              | 199,357              | 326,325              | 126,968                            |
| <b>Total Revenues</b>                               | <b>20,981,600</b>    | <b>20,681,050</b>    | <b>23,691,322</b>    | <b>3,010,272</b>                   |
| <b>Expenses:</b>                                    |                      |                      |                      |                                    |
| Personal Services                                   | 5,623,420            | 5,646,141            | 5,328,716            | 317,425                            |
| Contractual Services                                | 2,704,160            | 13,263,260           | 8,272,553            | 4,990,707                          |
| Claims and Judgments                                | 81,450               | -                    | -                    | -                                  |
| Materials and Supplies                              | 896,394              | 981,028              | 787,877              | 193,151                            |
| Other Operating Expenses                            | 465,138              | 1,731,076            | 1,652,811            | 78,265                             |
| Capital Outlay                                      | 1,095,384            | 1,212,619            | 718,875              | 493,744                            |
| <b>Total Expenses</b>                               | <b>10,865,946</b>    | <b>22,834,124</b>    | <b>16,760,832</b>    | <b>6,073,292</b>                   |
| <b>Excess of Revenues Over<br/>(Under) Expenses</b> | <b>10,115,654</b>    | <b>(2,153,074)</b>   | <b>6,930,490</b>     | <b>9,083,564</b>                   |
| Operating Transfers - In                            | 12,888,000           | (92,632)             | -                    | 92,632                             |
| Operating Transfers - Out                           | (11,388,000)         | (7,799,586)          | (6,649,315)          | 1,150,271                          |
| <b>Net Change in Fund Equity</b>                    | <b>11,615,654</b>    | <b>(10,045,292)</b>  | <b>281,175</b>       | <b>10,326,467</b>                  |
| Fund Equity at Beginning of Year                    | 20,604,354           | 20,604,354           | 20,604,354           | -                                  |
| Prior Year Encumbrances Appropriated                | 355,300              | 355,300              | 355,300              | -                                  |
| <b>Fund Equity at End of Year</b>                   | <b>\$ 32,575,308</b> | <b>\$ 10,914,362</b> | <b>\$ 21,240,829</b> | <b>\$ 10,326,467</b>               |

Butler County, Ohio  
Schedule of Revenues, Expenses, and  
Changes in Fund Equity-Budget and Actual  
Water -Enterprise Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget   | Final<br>Budget     | Actual              | Variance<br>Positive<br>(Negative) |
|---|----------------------|---------------------|---------------------|------------------------------------|
| <b>Revenues:</b>                                    |                      |                     |                     |                                    |
| Charges for Services                                | \$ 18,746,130        | \$ 19,500,315       | \$ 20,483,558       | \$ 983,243                         |
| Interest Income                                     | -                    | 103,081             | 115,023             | 11,942                             |
| Other Non-Operating Revenues                        | 2,828,000            | 3,075,165           | 4,086,440           | 1,011,275                          |
| Other Operating Revenues                            | 345,980              | 169,980             | 174,816             | 4,836                              |
| Premium on Bonds Issued                             | -                    | 522,419             | 522,419             | -                                  |
| Proceeds of Bonds                                   | -                    | 35,030,000          | 35,030,000          | -                                  |
| <b>Total Revenues</b>                               | <b>21,920,110</b>    | <b>58,400,960</b>   | <b>60,412,256</b>   | <b>2,011,296</b>                   |
| <b>Expenses:</b>                                    |                      |                     |                     |                                    |
| Personal Services                                   | 3,787,770            | 3,936,832           | 3,758,701           | 178,131                            |
| Contractual Services                                | 1,831,154            | 8,383,383           | 6,448,726           | 1,934,657                          |
| Claims and Judgements                               | 25,858               | -                   | -                   | -                                  |
| Materials and Supplies                              | 13,277,797           | 12,981,148          | 12,399,941          | 581,207                            |
| Other Operating Expenses                            | 275,270              | 816,533             | 702,904             | 113,629                            |
| Debt Proceeds to Other Government                   | -                    | 34,810,695          | 34,810,695          | -                                  |
| Capital Outlay                                      | 818,323              | 925,361             | 412,577             | 512,784                            |
| Interest and Fiscal Charges                         | -                    | 982,782             | 982,782             | -                                  |
| <b>Total Expenses</b>                               | <b>20,016,172</b>    | <b>62,836,734</b>   | <b>59,516,326</b>   | <b>3,320,408</b>                   |
| <b>Excess of Revenues Over<br/>(Under) Expenses</b> | <b>1,903,938</b>     | <b>(4,435,774)</b>  | <b>895,930</b>      | <b>5,331,704</b>                   |
| Operating Transfers - In                            | 4,536,000            | -                   | -                   | -                                  |
| Operating Transfers - Out                           | (3,036,000)          | (5,780,901)         | (2,499,306)         | 3,281,595                          |
| <b>Net Change in Fund Equity</b>                    | <b>3,403,938</b>     | <b>(10,216,675)</b> | <b>(1,603,376)</b>  | <b>8,613,299</b>                   |
| <b>Fund Equity at Beginning of Year</b>             | <b>10,219,520</b>    | <b>10,219,520</b>   | <b>10,219,520</b>   | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>         | <b>885,966</b>       | <b>885,966</b>      | <b>885,966</b>      | <b>-</b>                           |
| <b>Fund Equity at End of Year</b>                   | <b>\$ 14,509,424</b> | <b>\$ 888,811</b>   | <b>\$ 9,502,110</b> | <b>\$ 8,613,299</b>                |

Butler County, Ohio  
Schedule of Revenues, Expenses, and  
Changes in Fund Equity-Budget and Actual  
GSC Parking Facility-Enterprise Fund  
Budget Basis  
For the Year Ended December 31, 2002

|                                      | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |
|--------------------------------------|--------------------|------------------|------------------|------------------------------------|
| <b>Revenues:</b>                     |                    |                  |                  |                                    |
| Charges for Services                 | \$ 120,000         | \$ 120,000       | \$ 131,423       | \$ 11,423                          |
| Other Non-Operating Revenues         | -                  | -                | 697              | 697                                |
| <b>Total Revenues</b>                | <b>120,000</b>     | <b>120,000</b>   | <b>132,120</b>   | <b>12,120</b>                      |
| <b>Expenses:</b>                     |                    |                  |                  |                                    |
| Personal Services                    | 50,620             | 52,620           | 51,860           | 760                                |
| Contractual Services                 | 4,000              | 18,000           | 17,663           | 337                                |
| Materials and Supplies               | 4,720              | 7,720            | 7,087            | 633                                |
| Other Operating Expenses             | -                  | 4,744            | 4,435            | 309                                |
| Other Non-Operating Expenses         | 2,500              | -                | -                | -                                  |
| Capital Outlay                       | 1,000              | -                | -                | -                                  |
| <b>Total Expenses</b>                | <b>62,840</b>      | <b>83,084</b>    | <b>81,045</b>    | <b>2,039</b>                       |
| <br>                                 |                    |                  |                  |                                    |
| Excess of Revenues Over<br>Expenses  | 57,160             | 36,916           | 51,075           | 14,159                             |
| <br>                                 |                    |                  |                  |                                    |
| Operating Transfers - Out            | -                  | (45,000)         | (45,000)         | -                                  |
| <br>                                 |                    |                  |                  |                                    |
| Net Change in Fund Equity            | 57,160             | (8,084)          | 6,075            | 14,159                             |
| <br>                                 |                    |                  |                  |                                    |
| Fund Equity at Beginning of Year     | 19,297             | 19,297           | 19,297           | -                                  |
| Prior Year Encumbrances Appropriated | 720                | 720              | 720              | -                                  |
| <b>Fund Equity at End of Year</b>    | <b>\$ 77,177</b>   | <b>\$ 11,933</b> | <b>\$ 26,092</b> | <b>\$ 14,159</b>                   |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Real Estate Assessment-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Positive<br>(Negative) |
|---|--------------------|-------------------|-------------------|------------------------------------|
| <b>Revenues:</b>  |                    |                   |                   |                                    |
| Charges for Services                                    | \$ 2,290,000       | \$ 2,523,000      | \$ 2,610,477      | \$ 87,477                          |
| Other   | -                  | 85,000            | 157,910           | 72,910                             |
| <b>Total Revenues</b>                                   | <b>2,290,000</b>   | <b>2,608,000</b>  | <b>2,768,387</b>  | <b>160,387</b>                     |
| <b>Expenditures:</b>                                    |                    |                   |                   |                                    |
| <b>Current:</b>   |                    |                   |                   |                                    |
| <b>General Government:</b>                              |                    |                   |                   |                                    |
| <b>Legislative and Executive</b>                        |                    |                   |                   |                                    |
| <b>Real Estate Assessment</b>                           |                    |                   |                   |                                    |
| Personal Services                                       | 1,735,805          | 2,106,856         | 1,983,650         | 123,206                            |
| Materials and Supplies                                  | 86,953             | 110,493           | 107,424           | 3,069                              |
| Contractual Services                                    | 431,679            | 730,939           | 708,168           | 22,771                             |
| Capital Outlay  | 188,203            | 263,703           | 242,628           | 21,075                             |
| Other   | 11,000             | 12,000            | 11,046            | 954                                |
| <b>Total Expenditures</b>                               | <b>2,453,640</b>   | <b>3,223,991</b>  | <b>3,052,916</b>  | <b>171,075</b>                     |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <b>(163,640)</b>   | <b>(615,991)</b>  | <b>(284,529)</b>  | <b>331,462</b>                     |
| <b>Other Financing Sources:</b>                         |                    |                   |                   |                                    |
| Other Financing Sources                                 | -                  | 52,000            | 61,217            | 9,217                              |
| <b>Total Other Financing Sources</b>                    | <b>-</b>           | <b>52,000</b>     | <b>61,217</b>     | <b>9,217</b>                       |
| <b>Net Change in Fund Balance</b>                       | <b>(163,640)</b>   | <b>(563,991)</b>  | <b>(223,312)</b>  | <b>340,679</b>                     |
| <b>Fund Balance at Beginning of Year</b>                | <b>611,463</b>     | <b>611,463</b>    | <b>611,463</b>    | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>             | <b>69,835</b>      | <b>69,835</b>     | <b>69,835</b>     | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>                      | <b>\$ 517,658</b>  | <b>\$ 117,307</b> | <b>\$ 457,986</b> | <b>\$ 340,679</b>                  |



Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
All Other Legislative and Executive-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget  | Final<br>Budget     | Actual              | Variance<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|------------------------------------|
| <b>Revenues:</b>  |                     |                     |                     |                                    |
| Taxes   | \$ 206,078          | \$ 145,000          | \$ 161,898          | \$ 16,898                          |
| Charges for Services                                    | 2,269,200           | 2,402,978           | 2,762,920           | 359,942                            |
| Intergovernmental                                       | -                   | 15,000              | 18,239              | 3,239                              |
| Special Assessments                                     | 160,000             | 160,000             | 166,450             | 6,450                              |
| Interest  | 60,000              | 18,200              | 19,948              | 1,748                              |
| Other   | 4,000               | 31,100              | 34,995              | 3,895                              |
| <b>Total Revenues</b>                                   | <u>2,699,278</u>    | <u>2,772,278</u>    | <u>3,164,450</u>    | <u>392,172</u>                     |
| <b>Expenditures:</b>                                    |                     |                     |                     |                                    |
| <b>Current:</b>   |                     |                     |                     |                                    |
| <b>General Government:</b>                              |                     |                     |                     |                                    |
| <b>Legislative and Executive</b>                        |                     |                     |                     |                                    |
| <b>Other Legislative and Executive</b>                  |                     |                     |                     |                                    |
| Personal Services                                       | 1,715,481           | 1,808,975           | 1,721,999           | 86,976                             |
| Materials and Supplies                                  | 67,815              | 98,815              | 93,066              | 5,749                              |
| Contractual Services                                    | 164,268             | 176,268             | 150,912             | 25,356                             |
| Capital Outlay  | 45,670              | 550,180             | 534,451             | 15,729                             |
| Other   | 342,887             | 355,509             | 345,973             | 9,536                              |
| <b>Total Expenditures</b>                               | <u>2,336,121</u>    | <u>2,989,747</u>    | <u>2,846,401</u>    | <u>143,346</u>                     |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <u>363,157</u>      | <u>(217,469)</u>    | <u>318,049</u>      | <u>535,518</u>                     |
| <b>Other Financing (Uses):</b>                          |                     |                     |                     |                                    |
| Advances - Out  | -                   | (42,000)            | (42,000)            | -                                  |
| Operating Transfers - Out                               | -                   | (80,000)            | (80,000)            | -                                  |
| <b>Total Other Financing Sources (Uses)</b>             | <u>-</u>            | <u>(122,000)</u>    | <u>(122,000)</u>    | <u>-</u>                           |
| <b>Net Change in Fund Balance</b>                       | 363,157             | (339,469)           | 196,049             | 535,518                            |
| <b>Fund Balance at Beginning of Year</b>                | 1,471,448           | 1,471,448           | 1,471,448           | -                                  |
| <b>Prior Year Encumbrances Appropriated</b>             | 6,055               | 6,055               | 6,055               | -                                  |
| <b>Fund Balance at End of Year</b>                      | <u>\$ 1,840,660</u> | <u>\$ 1,138,034</u> | <u>\$ 1,673,552</u> | <u>\$ 535,518</u>                  |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
All Other Judicial-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget  | Final<br>Budget     | Actual              | Variance<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|------------------------------------|
| <b>Revenues:</b>  |                     |                     |                     |                                    |
| Charges for Services                                    | \$ 637,332          | \$ 1,076,813        | \$ 1,184,587        | \$ 107,774                         |
| Fines and Forfeitures                                   | 37,000              | 30,500              | 31,439              | 939                                |
| Other   | 260,000             | 2,000               | 5,549               | 3,549                              |
| <b>Total Revenues</b>                                   | <b>934,332</b>      | <b>1,109,313</b>    | <b>1,221,575</b>    | <b>112,262</b>                     |
| <b>Expenditures:</b>                                    |                     |                     |                     |                                    |
| <b>Current:</b>   |                     |                     |                     |                                    |
| <b>General Government:</b>                              |                     |                     |                     |                                    |
| <b>Judicial</b>   |                     |                     |                     |                                    |
| <b>Other Judicial</b>                                   |                     |                     |                     |                                    |
| Personal Services                                       | 352,001             | 400,456             | 346,219             | 54,237                             |
| Materials and Supplies                                  | 33,692              | 64,192              | 44,697              | 19,495                             |
| Contractual Services                                    | 74,100              | 122,913             | 104,263             | 18,650                             |
| Capital Outlay  | 219,670             | 361,679             | 297,934             | 63,745                             |
| Other   | 95,269              | 243,269             | 125,798             | 117,471                            |
| <b>Total Expenditures</b>                               | <b>774,732</b>      | <b>1,192,509</b>    | <b>918,911</b>      | <b>273,598</b>                     |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <b>159,600</b>      | <b>(83,196)</b>     | <b>302,664</b>      | <b>385,860</b>                     |
| <b>Other Financing Sources (Uses):</b>                  |                     |                     |                     |                                    |
| Operating Transfers - In                                | -                   | 50,000              | 50,000              | -                                  |
| Operating Transfers - Out                               | -                   | (27,775)            | (27,775)            | -                                  |
| <b>Total Other Financing Sources (Uses)</b>             | <b>-</b>            | <b>22,225</b>       | <b>22,225</b>       | <b>-</b>                           |
| <b>Net Change in Fund Balance</b>                       | <b>159,600</b>      | <b>(60,971)</b>     | <b>324,889</b>      | <b>385,860</b>                     |
| <b>Fund Balance at Beginning of Year</b>                | <b>1,744,358</b>    | <b>1,744,358</b>    | <b>1,744,358</b>    | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>             | <b>34,531</b>       | <b>34,531</b>       | <b>34,531</b>       | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>                      | <b>\$ 1,938,489</b> | <b>\$ 1,717,918</b> | <b>\$ 2,103,778</b> | <b>\$ 385,860</b>                  |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
All Other Public Safety-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget  | Final<br>Budget   | Actual              | Variance<br>Positive<br>(Negative) |
|---|---------------------|-------------------|---------------------|------------------------------------|
| <b>Revenues:</b>  |                     |                   |                     |                                    |
| Charges for Services                                    | \$ 104,000          | \$ 104,000        | \$ 278,980          | \$ 174,980                         |
| Fines and Forfeitures                                   | 25,000              | 3,300             | 3,491               | 191                                |
| Intergovernmental                                       | 5,096,690           | 6,659,020         | 6,737,774           | 78,754                             |
| Other   | 20,000              | 19,460            | 68,588              | 49,128                             |
| <b>Total Revenues</b>                                   | <b>5,245,690</b>    | <b>6,785,780</b>  | <b>7,088,833</b>    | <b>303,053</b>                     |
| <b>Expenditures:</b>                                    |                     |                   |                     |                                    |
| <b>Current:</b>   |                     |                   |                     |                                    |
| Public Safety   |                     |                   |                     |                                    |
| Other Public Safety                                     |                     |                   |                     |                                    |
| Personal Services                                       | 3,445,603           | 3,480,793         | 3,136,435           | 344,358                            |
| Materials and Supplies                                  | 226,420             | 239,793           | 215,911             | 23,882                             |
| Contractual Services                                    | 766,692             | 3,687,119         | 3,618,170           | 68,949                             |
| Capital outlay  | 12,900              | 184,126           | 174,579             | 9,547                              |
| Other   | 70,846              | 147,913           | 116,605             | 31,308                             |
| <b>Total Expenditures</b>                               | <b>4,522,461</b>    | <b>7,739,744</b>  | <b>7,261,700</b>    | <b>478,044</b>                     |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <b>723,229</b>      | <b>(953,964)</b>  | <b>(172,867)</b>    | <b>781,097</b>                     |
| <b>Other Financing Sources (Uses):</b>                  |                     |                   |                     |                                    |
| Other Financing Sources                                 | 2,400               | 2,400             | 75,801              | 73,401                             |
| Advances - In   | -                   | -                 | 5,000               | 5,000                              |
| Operating Transfers - In                                | 20,000              | 12,071            | 34,239              | 22,168                             |
| Operating Transfers - Out                               | -                   | (524)             | -                   | 524                                |
| <b>Total Other Financing Sources (Uses)</b>             | <b>22,400</b>       | <b>13,947</b>     | <b>115,040</b>      | <b>101,093</b>                     |
| <b>Net Change in Fund Balance</b>                       | <b>745,629</b>      | <b>(940,017)</b>  | <b>(57,827)</b>     | <b>882,190</b>                     |
| <b>Fund Balance at Beginning of Year</b>                | <b>1,863,347</b>    | <b>1,863,347</b>  | <b>1,863,347</b>    | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>             | <b>38,142</b>       | <b>38,142</b>     | <b>38,142</b>       | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>                      | <b>\$ 2,647,118</b> | <b>\$ 961,472</b> | <b>\$ 1,843,662</b> | <b>\$ 882,190</b>                  |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Child Support Enforcement-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget | Final<br>Budget  | Actual            | Variance<br>Positive<br>(Negative) |
|---|--------------------|------------------|-------------------|------------------------------------|
| <b>Revenues:</b>                            |                    |                  |                   |                                    |
| Charges for Services                        | \$ 800,000         | \$ 800,000       | \$ 795,024        | \$ (4,976)                         |
| Intergovernmental                           | 5,806,000          | 5,045,000        | 5,044,996         | (4)                                |
| Other                                       | 36,000             | 180,000          | 221,988           | 41,988                             |
| <b>Total Revenues</b>                       | <b>6,642,000</b>   | <b>6,025,000</b> | <b>6,062,008</b>  | <b>37,008</b>                      |
| <b>Expenditures:</b>                        |                    |                  |                   |                                    |
| <b>Current:</b>                             |                    |                  |                   |                                    |
| <b>Human Services</b>                       |                    |                  |                   |                                    |
| <b>Child Support Enforcement</b>            |                    |                  |                   |                                    |
| Personal Services                           | 4,169,000          | 3,944,486        | 3,927,985         | 16,501                             |
| Materials and Supplies                      | 110,000            | 120,000          | 87,519            | 32,481                             |
| Contractual Services                        | 2,360,000          | 1,929,329        | 1,734,080         | 195,249                            |
| Capital Outlay                              | 25,000             | 75,000           | 36,048            | 38,952                             |
| Other                                       | 280,000            | 281,700          | 277,745           | 3,955                              |
| <b>Total Expenditures</b>                   | <b>6,944,000</b>   | <b>6,350,515</b> | <b>6,063,377</b>  | <b>287,138</b>                     |
| <b>Net Change in Fund Balance</b>           | <b>(302,000)</b>   | <b>(325,515)</b> | <b>(1,369)</b>    | <b>324,146</b>                     |
| <b>Fund Balance at Beginning of Year</b>    | <b>320,515</b>     | <b>320,515</b>   | <b>320,515</b>    | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b> | <b>5,000</b>       | <b>5,000</b>     | <b>5,000</b>      | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>          | <b>\$ 23,515</b>   | <b>\$ -</b>      | <b>\$ 324,146</b> | <b>\$ 324,146</b>                  |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Motor Vehicle-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget | Final<br>Budget    | Actual              | Variance<br>Positive<br>(Negative) |
|---|--------------------|--------------------|---------------------|------------------------------------|
| <b>Revenues:</b>  |                    |                    |                     |                                    |
| Taxes   | \$ 2,152,000       | \$ 2,152,000       | \$ 2,264,700        | \$ 112,700                         |
| Charges for Services                                    | 58,000             | 58,000             | 494,686             | 436,686                            |
| Fines and Forfeitures                                   | 324,000            | 324,000            | 305,882             | (18,118)                           |
| Intergovernmental                                       | 9,197,000          | 9,197,000          | 11,991,922          | 2,794,922                          |
| Other   | 260,000            | 260,000            | 436,883             | 176,883                            |
| <b>Total Revenues</b>                                   | <b>11,991,000</b>  | <b>11,991,000</b>  | <b>15,494,073</b>   | <b>3,503,073</b>                   |
| <b>Expenditures:</b>                                    |                    |                    |                     |                                    |
| <b>Current:</b>   |                    |                    |                     |                                    |
| <b>Public Works</b>                                     |                    |                    |                     |                                    |
| Motor Vehicle   |                    |                    |                     |                                    |
| Personal Services                                       | 4,801,000          | 4,795,636          | 4,264,056           | 531,580                            |
| Materials and Supplies                                  | 1,034,567          | 1,010,455          | 541,242             | 469,213                            |
| Contractual Services                                    | 5,444,772          | 5,115,063          | 4,581,281           | 533,782                            |
| Capital Outlay  | 5,753,876          | 5,676,826          | 4,916,978           | 759,848                            |
| Other   | 154,000            | 128,627            | 103,165             | 25,462                             |
| <b>Debt Service:</b>                                    |                    |                    |                     |                                    |
| Interest and Fiscal Charges                             | 420,000            | -                  | -                   | -                                  |
| <b>Total Expenditures</b>                               | <b>17,608,215</b>  | <b>16,726,607</b>  | <b>14,406,722</b>   | <b>2,319,885</b>                   |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <b>(5,617,215)</b> | <b>(4,735,607)</b> | <b>1,087,351</b>    | <b>5,822,958</b>                   |
| <b>Other Financing Sources (Uses):</b>                  |                    |                    |                     |                                    |
| Other Financing Sources                                 | 9,000              | 9,000              | 66,574              | 57,574                             |
| Operating Transfers - Out                               | -                  | (883,608)          | (651,804)           | 231,804                            |
| <b>Total Other Financing Sources (Uses)</b>             | <b>9,000</b>       | <b>(874,608)</b>   | <b>(585,230)</b>    | <b>289,378</b>                     |
| <b>Net Change in Fund Balance</b>                       | <b>(5,608,215)</b> | <b>(5,610,215)</b> | <b>502,121</b>      | <b>6,112,336</b>                   |
| <b>Fund Balance at Beginning of Year</b>                | <b>3,634,466</b>   | <b>3,634,466</b>   | <b>3,634,466</b>    | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>             | <b>2,643,215</b>   | <b>2,643,215</b>   | <b>2,643,215</b>    | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>                      | <b>\$ 669,466</b>  | <b>\$ 667,466</b>  | <b>\$ 6,779,802</b> | <b>\$ 6,112,336</b>                |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
All Other Public Works-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget  | Final<br>Budget     | Actual              | Variance<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|------------------------------------|
| <b>Revenues:</b>  |                     |                     |                     |                                    |
| Charges for Services                                    | \$ 1,650,000        | \$ 159,337          | \$ 176,068          | \$ 16,731                          |
| Intergovernmental                                       | 1,318,750           | 2,604,704           | 2,545,250           | (59,454)                           |
| Special Assessments                                     | 145,600             | 145,600             | 164,692             | 19,092                             |
| Interest  | 48,000              | 45,714              | 47,842              | 2,128                              |
| Other   | 66,500              | 103,362             | 114,937             | 11,575                             |
| <b>Total Revenues</b>                                   | <b>3,228,850</b>    | <b>3,058,717</b>    | <b>3,048,789</b>    | <b>(9,928)</b>                     |
| <b>Expenditures:</b>                                    |                     |                     |                     |                                    |
| <b>Current:</b>   |                     |                     |                     |                                    |
| <b>Public Works</b>                                     |                     |                     |                     |                                    |
| <b>Other Public Works</b>                               |                     |                     |                     |                                    |
| Personal Services                                       | 374,677             | 350,814             | 338,351             | 12,463                             |
| Materials and Supplies                                  | 16,344              | 21,194              | 20,133              | 1,061                              |
| Contractual Services                                    | 2,345,682           | 2,365,543           | 2,263,909           | 101,634                            |
| Capital Outlay  | 1,053,381           | 1,201,381           | 1,200,742           | 639                                |
| Other   | 1,289,606           | 1,174,337           | 925,304             | 249,033                            |
| <b>Total Expenditures</b>                               | <b>5,079,690</b>    | <b>5,113,269</b>    | <b>4,748,439</b>    | <b>364,830</b>                     |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <b>(1,850,840)</b>  | <b>(2,054,552)</b>  | <b>(1,699,650)</b>  | <b>354,902</b>                     |
| <b>Other Financing Sources:</b>                         |                     |                     |                     |                                    |
| Other Financing Sources                                 | -                   | 83,739              | 84,936              | 1,197                              |
| Proceeds of Notes                                       | 953,000             | 1,030,589           | 1,030,000           | (589)                              |
| Operating Transfers - In                                | 193,305             | 162,933             | 163,651             | 718                                |
| Operating Transfers - Out                               | -                   | (31,013)            | (31,013)            | -                                  |
| <b>Total Other Financing Sources</b>                    | <b>1,146,305</b>    | <b>1,246,248</b>    | <b>1,247,574</b>    | <b>1,326</b>                       |
| <b>Net Change in Fund Balance</b>                       | <b>(704,535)</b>    | <b>(808,304)</b>    | <b>(452,076)</b>    | <b>356,228</b>                     |
| <b>Fund Balance at Beginning of Year</b>                | <b>1,775,547</b>    | <b>1,775,547</b>    | <b>1,775,547</b>    | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>             | <b>226,185</b>      | <b>226,185</b>      | <b>226,185</b>      | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>                      | <b>\$ 1,297,197</b> | <b>\$ 1,193,428</b> | <b>\$ 1,549,656</b> | <b>\$ 356,228</b>                  |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Alcohol and Drug Addiction Service-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget | Final<br>Budget  | Actual              | Variance<br>Positive<br>(Negative) |
|---|--------------------|------------------|---------------------|------------------------------------|
| <b>Revenues:</b>  |                    |                  |                     |                                    |
| Charges for Services                                    | \$ 63,500          | \$ 56,025        | \$ 56,025           | \$ -                               |
| Intergovernmental                                       | 4,598,390          | 4,083,601        | 4,969,158           | 885,557                            |
| Other   | 252,399            | 122,399          | 123,825             | 1,426                              |
| <b>Total Revenues</b>                                   | <b>4,914,289</b>   | <b>4,262,025</b> | <b>5,149,008</b>    | <b>886,983</b>                     |
| <b>Expenditures:</b>                                    |                    |                  |                     |                                    |
| <b>Current:</b>   |                    |                  |                     |                                    |
| <b>Health</b>   |                    |                  |                     |                                    |
| Alcohol and Drug Addiction                              |                    |                  |                     |                                    |
| Personal Services                                       | 325,208            | 330,958          | 318,227             | 12,731                             |
| Materials and Supplies                                  | 4,060              | 4,060            | 3,895               | 165                                |
| Contractual Services                                    | 4,938,756          | 4,826,964        | 4,508,858           | 318,106                            |
| Other   | 57,455             | 68,010           | 62,267              | 5,743                              |
| <b>Total Expenditures</b>                               | <b>5,325,479</b>   | <b>5,229,992</b> | <b>4,893,247</b>    | <b>336,745</b>                     |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <b>(411,190)</b>   | <b>(967,967)</b> | <b>255,761</b>      | <b>1,223,728</b>                   |
| <b>Other Financing Sources:</b>                         |                    |                  |                     |                                    |
| Other Financing Sources                                 | -                  | 1,000            | 423                 | (577)                              |
| Operating Transfers - In                                | 123,000            | -                | -                   | -                                  |
| <b>Total Other Financing Sources</b>                    | <b>123,000</b>     | <b>1,000</b>     | <b>423</b>          | <b>(577)</b>                       |
| <b>Net Change in Fund Balance</b>                       | <b>(288,190)</b>   | <b>(966,967)</b> | <b>256,184</b>      | <b>1,223,151</b>                   |
| <b>Fund Balance at Beginning of Year</b>                | <b>678,777</b>     | <b>678,777</b>   | <b>678,777</b>      | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>             | <b>288,190</b>     | <b>288,190</b>   | <b>288,190</b>      | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>                      | <b>\$ 678,777</b>  | <b>\$ -</b>      | <b>\$ 1,223,151</b> | <b>\$ 1,223,151</b>                |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Mental Health-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|  | Original<br>Budget    | Final<br>Budget    | Actual             | Variance<br>Positive<br>(Negative) |
|--|-----------------------|--------------------|--------------------|------------------------------------|
| <b>Revenues:</b>                                   |                       |                    |                    |                                    |
| Taxes  | \$ 1,787,796          | \$ 1,838,763       | \$ 1,838,763       | \$ -                               |
| Intergovernmental                                  | 12,666,741            | 13,186,930         | 13,511,966         | 325,036                            |
| Other  | 918,425               | 899,127            | 965,097            | 65,970                             |
| <b>Total Revenues</b>                              | <u>15,372,962</u>     | <u>15,924,820</u>  | <u>16,315,826</u>  | <u>391,006</u>                     |
| <b>Expenditures:</b>                               |                       |                    |                    |                                    |
| <b>Current:</b>                                    |                       |                    |                    |                                    |
| <b>Health</b>                                      |                       |                    |                    |                                    |
| <b>Mental Health</b>                               |                       |                    |                    |                                    |
| Personal Services                                  | 859,653               | 809,717            | 799,952            | 9,765                              |
| Materials and Supplies                             | 49,083                | 28,083             | 24,174             | 3,909                              |
| Contractual Services                               | 17,500,795            | 16,868,231         | 16,772,304         | 95,927                             |
| Capital Outlay                                     | 5,170                 | 1,670              | 1,484              | 186                                |
| Other  | 14,677                | 9,677              | 8,311              | 1,366                              |
| <b>Total Expenditures</b>                          | <u>18,429,378</u>     | <u>17,717,378</u>  | <u>17,606,225</u>  | <u>111,153</u>                     |
| <b>Excess of Revenues<br/>(Under) Expenditures</b> | <u>(3,056,416)</u>    | <u>(1,792,558)</u> | <u>(1,290,399)</u> | <u>502,159</u>                     |
| <b>Other Financing Sources:</b>                    |                       |                    |                    |                                    |
| Other Financing Sources                            | 2,000                 | 142                | 142                | -                                  |
| <b>Total Other Financing Sources</b>               | <u>2,000</u>          | <u>142</u>         | <u>142</u>         | <u>-</u>                           |
| <b>Net Change in Fund Balance</b>                  | <u>(3,054,416)</u>    | <u>(1,792,416)</u> | <u>(1,290,257)</u> | <u>502,159</u>                     |
| <b>Fund Balance at Beginning of Year</b>           | 788,475               | 788,475            | 788,475            | -                                  |
| <b>Prior Year Encumbrances Appropriated</b>        | 1,054,416             | 1,054,416          | 1,054,416          | -                                  |
| <b>Fund Balance at End of Year</b>                 | <u>\$ (1,211,525)</u> | <u>\$ 50,475</u>   | <u>\$ 552,634</u>  | <u>\$ 502,159</u>                  |



Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
All Other Health-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|  | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |
|--|--------------------|------------------|------------------|------------------------------------|
| <b>Revenues:</b>                                   |                    |                  |                  |                                    |
| Licenses and Permits                               | \$ 420,000         | \$ 345,000       | \$ 338,833       | \$ (6,167)                         |
| Fines and Forfeitures                              | 15,000             | 15,000           | 18,986           | 3,986                              |
| Other  | 2,500              | 2,500            | 5,767            | 3,267                              |
| <b>Total Revenues</b>                              | <b>437,500</b>     | <b>362,500</b>   | <b>363,586</b>   | <b>1,086</b>                       |
| <b>Expenditures:</b>                               |                    |                  |                  |                                    |
| <b>Current:</b>                                    |                    |                  |                  |                                    |
| <b>Health</b>                                      |                    |                  |                  |                                    |
| <b>Other Health</b>                                |                    |                  |                  |                                    |
| Personal Services                                  | 303,800            | 307,027          | 271,152          | 35,875                             |
| Materials and Supplies                             | 14,950             | 13,060           | 10,880           | 2,180                              |
| Contractual Services                               | 1,500              | 1,500            | 934              | 566                                |
| Capital Outlay                                     | 1,000              | 1,000            | 956              | 44                                 |
| Other  | 182,223            | 182,973          | 170,431          | 12,542                             |
| <b>Total Expenditures</b>                          | <b>503,473</b>     | <b>505,560</b>   | <b>454,353</b>   | <b>51,207</b>                      |
| <b>Excess of Revenues<br/>(Under) Expenditures</b> | <b>(65,973)</b>    | <b>(143,060)</b> | <b>(90,767)</b>  | <b>52,293</b>                      |
| <b>Other Financing Sources:</b>                    |                    |                  |                  |                                    |
| Advances-In  | -                  | 75,000           | 75,000           | -                                  |
| <b>Total Other Financing Sources</b>               | <b>-</b>           | <b>75,000</b>    | <b>75,000</b>    | <b>-</b>                           |
| <b>Net Change in Fund Balance</b>                  | <b>(65,973)</b>    | <b>(68,060)</b>  | <b>(15,767)</b>  | <b>52,293</b>                      |
| <b>Fund Balance at Beginning of Year</b>           | <b>67,424</b>      | <b>67,424</b>    | <b>67,424</b>    | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>        | <b>973</b>         | <b>973</b>       | <b>973</b>       | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>                 | <b>\$ 2,424</b>    | <b>\$ 337</b>    | <b>\$ 52,630</b> | <b>\$ 52,293</b>                   |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
County Care Facility-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget | Final<br>Budget  | Actual            | Variance<br>Positive<br>(Negative) |
|---|--------------------|------------------|-------------------|------------------------------------|
| <b>Revenues:</b>                            |                    |                  |                   |                                    |
| Charges for Services                        | \$ 1,229,888       | \$ 1,229,888     | \$ 1,281,506      | \$ 51,618                          |
| Intergovernmental                           | 5,729,308          | 5,729,308        | 6,047,257         | 317,949                            |
| Other                                       | 3,600              | 3,600            | 131,272           | 127,672                            |
| <b>Total Revenues</b>                       | <b>6,962,796</b>   | <b>6,962,796</b> | <b>7,460,035</b>  | <b>497,239</b>                     |
| <b>Expenditures:</b>                        |                    |                  |                   |                                    |
| <b>Current:</b>                             |                    |                  |                   |                                    |
| <b>Human Services</b>                       |                    |                  |                   |                                    |
| <b>County Care Facility</b>                 |                    |                  |                   |                                    |
| Personal Services                           | 5,189,203          | 5,461,473        | 5,413,344         | 48,129                             |
| Materials and Supplies                      | 716,018            | 1,016,018        | 1,012,218         | 3,800                              |
| Contractual Services                        | 591,067            | 741,527          | 709,154           | 32,373                             |
| Capital Outlay                              | 152,790            | 92,330           | 92,330            | -                                  |
| Other                                       | 115,000            | 112,731          | 108,901           | 3,830                              |
| <b>Total Expenditures</b>                   | <b>6,764,078</b>   | <b>7,424,079</b> | <b>7,335,947</b>  | <b>88,132</b>                      |
| <b>Net Change in Fund Balance</b>           | <b>198,718</b>     | <b>(461,283)</b> | <b>124,088</b>    | <b>585,371</b>                     |
| <b>Fund Balance at Beginning of Year</b>    | <b>475,269</b>     | <b>475,269</b>   | <b>475,269</b>    | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b> | <b>26,876</b>      | <b>26,876</b>    | <b>26,876</b>     | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>          | <b>\$ 700,863</b>  | <b>\$ 40,862</b> | <b>\$ 626,233</b> | <b>\$ 585,371</b>                  |

Butler County, Ohio  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance-Budget and Actual  
 Elderly Services Levy-Special Revenue Fund  
 Budget Basis  
 For the Year Ended December 31, 2002

|   | Original<br>Budget  | Final<br>Budget   | Actual              | Variance<br>Positive<br>(Negative) |
|---|---------------------|-------------------|---------------------|------------------------------------|
| <b>Revenues:</b>                            |                     |                   |                     |                                    |
| Taxes                                       | \$ 6,700,000        | \$ 6,700,000      | \$ 7,104,791        | \$ 404,791                         |
| Intergovernmental                           | 560,000             | 560,000           | 785,570             | 225,570                            |
| Other                                       | -                   | -                 | 30                  | 30                                 |
| <b>Total Revenues</b>                       | <u>7,260,000</u>    | <u>7,260,000</u>  | <u>7,890,391</u>    | <u>630,391</u>                     |
| <b>Expenditures:</b>                        |                     |                   |                     |                                    |
| <b>Current:</b>                             |                     |                   |                     |                                    |
| Human Services                              |                     |                   |                     |                                    |
| Eldery Services Levy                        |                     |                   |                     |                                    |
| Contractual Services                        | 817,190             | 7,817,190         | 7,408,213           | 408,977                            |
| <b>Total Expenditures</b>                   | <u>817,190</u>      | <u>7,817,190</u>  | <u>7,408,213</u>    | <u>408,977</u>                     |
| <b>Net Change in Fund Balance</b>           | 6,442,810           | (557,190)         | 482,178             | 1,039,368                          |
| <b>Fund Balance at Beginning of Year</b>    | 747,081             | 747,081           | 747,081             | -                                  |
| <b>Prior Year Encumbrances Appropriated</b> | 17,190              | 17,190            | 17,190              | -                                  |
| <b>Fund Balance at End of Year</b>          | <u>\$ 7,207,081</u> | <u>\$ 207,081</u> | <u>\$ 1,246,449</u> | <u>\$ 1,039,368</u>                |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
All Other Human Services-Special Revenue Fund  
Budget Basis  
For the Year Ended December 31, 2002

|  | Original<br>Budget | Final<br>Budget | Actual           | Variance<br>Positive<br>(Negative) |
|--|--------------------|-----------------|------------------|------------------------------------|
| <b>Revenues:</b>                                   |                    |                 |                  |                                    |
| Intergovernmental                                  | \$ 134,363         | \$ 158,306      | \$ 155,773       | \$ (2,533)                         |
| Other  | -                  | 369             | 2,474            | 2,105                              |
| <b>Total Revenues</b>                              | <b>134,363</b>     | <b>158,675</b>  | <b>158,247</b>   | <b>(428)</b>                       |
| <b>Expenditures:</b>                               |                    |                 |                  |                                    |
| <b>Current:</b>                                    |                    |                 |                  |                                    |
| <b>Human Services</b>                              |                    |                 |                  |                                    |
| <b>Other Human Services</b>                        |                    |                 |                  |                                    |
| Personal Services                                  | 141,549            | 191,601         | 179,637          | 11,964                             |
| Materials and Supplies                             | 1,190              | 12,725          | 12,408           | 317                                |
| Contractual Services                               | 4,230              | 15,033          | 14,763           | 270                                |
| Capital Outlay                                     | -                  | 4,615           | 4,116            | 499                                |
| Other  | 3,012              | 11,121          | 9,616            | 1,505                              |
| <b>Total Expenditures</b>                          | <b>149,981</b>     | <b>235,095</b>  | <b>220,540</b>   | <b>14,555</b>                      |
| <b>Excess of Revenues<br/>(Under) Expenditures</b> | <b>(15,618)</b>    | <b>(76,420)</b> | <b>(62,293)</b>  | <b>14,127</b>                      |
| <b>Other Financing Sources</b>                     |                    |                 |                  |                                    |
| Advances - In                                      | -                  | -               | 16,000           | 16,000                             |
| Operating Transfers - In                           | 15,645             | 44,698          | 54,395           | 9,697                              |
| <b>Total Other Financing Sources</b>               | <b>15,645</b>      | <b>44,698</b>   | <b>70,395</b>    | <b>25,697</b>                      |
| <b>Net Change in Fund Balance</b>                  | <b>27</b>          | <b>(31,722)</b> | <b>8,102</b>     | <b>39,824</b>                      |
| <b>Fund Balance at Beginning of Year</b>           | <b>40,466</b>      | <b>40,466</b>   | <b>40,466</b>    | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>        | <b>-</b>           | <b>-</b>        | <b>-</b>         | <b>-</b>                           |
| <b>Fund Balance (Deficit) at End of Year</b>       | <b>\$ 40,493</b>   | <b>\$ 8,744</b> | <b>\$ 48,568</b> | <b>\$ 39,824</b>                   |

Butler County, Ohio  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance-Budget and Actual  
 Capital Improvement-Capital Projects Fund  
 Budget Basis  
 For the Year Ended December 31, 2002

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |
|---|--------------------|------------------|------------------|------------------------------------|
| <b>Revenues:</b>  |                    |                  |                  |                                    |
| Other   | \$ -               | \$ -             | \$ -             | \$ -                               |
| <b>Total Revenues</b>                                     | <u>-</u>           | <u>-</u>         | <u>-</u>         | <u>-</u>                           |
| <b>Expenditures:</b>                                      |                    |                  |                  |                                    |
| Capital Outlay  |                    |                  |                  |                                    |
| Capital Improvement                                       |                    |                  |                  |                                    |
| Capital Outlay  | 281,280            | 281,280          | 223,753          | 57,527                             |
| <b>Total Expenditures</b>                                 | <u>281,280</u>     | <u>281,280</u>   | <u>223,753</u>   | <u>57,527</u>                      |
| <b>Excess of Revenues Over<br/>  (Under) Expenditures</b> | <u>(281,280)</u>   | <u>(281,280)</u> | <u>(223,753)</u> | <u>57,527</u>                      |
| <b>Other Financing Sources:</b>                           |                    |                  |                  |                                    |
| Operating Transfers - In                                  | 200,000            | 200,000          | 112,000          | (88,000)                           |
| <b>Total Other Financing Sources</b>                      | <u>200,000</u>     | <u>200,000</u>   | <u>112,000</u>   | <u>(88,000)</u>                    |
| <b>Net Change in Fund Balance</b>                         | <u>(81,280)</u>    | <u>(81,280)</u>  | <u>(111,753)</u> | <u>(30,473)</u>                    |
| <b>Fund Balance at Beginning of Year</b>                  | 48,642             | 48,642           | 48,642           | -                                  |
| <b>Prior Year Encumbrances Appropriated</b>               | 81,280             | 81,280           | 81,280           | -                                  |
| <b>Fund Balance at End of Year</b>                        | <u>\$ 48,642</u>   | <u>\$ 48,642</u> | <u>\$ 18,169</u> | <u>\$ (30,473)</u>                 |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Stormwater Management Study-Capital Projects Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget | Final<br>Budget  | Actual            | Variance<br>Positive<br>(Negative) |
|---|--------------------|------------------|-------------------|------------------------------------|
| <b>Revenues:</b>  |                    |                  |                   |                                    |
| Interest  | \$ -               | \$ 2,389         | \$ 2,389          | \$ -                               |
| <b>Total Revenues</b>                                   | <u>-</u>           | <u>2,389</u>     | <u>2,389</u>      | <u>-</u>                           |
| <b>Expenditures:</b>                                    |                    |                  |                   |                                    |
| <b>Capital Outlay</b>                                   |                    |                  |                   |                                    |
| Stormwater Management Study                             |                    |                  |                   |                                    |
| Contractual Services                                    | 500,000            | 500,000          | 136,665           | 363,335                            |
| <b>Total Expenditures</b>                               | <u>500,000</u>     | <u>500,000</u>   | <u>136,665</u>    | <u>363,335</u>                     |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <u>(500,000)</u>   | <u>(497,611)</u> | <u>(134,276)</u>  | <u>363,335</u>                     |
| <b>Other Financing Sources:</b>                         |                    |                  |                   |                                    |
| Proceeds of Notes                                       | 500,000            | 505,000          | 505,000           | -                                  |
| Operating Transfers - Out                               | -                  | (3,565)          | (3,565)           | -                                  |
| <b>Total Other Financing Sources</b>                    | <u>500,000</u>     | <u>501,435</u>   | <u>501,435</u>    | <u>-</u>                           |
| <b>Net Change in Fund Balance</b>                       | -                  | 3,824            | 367,159           | 363,335                            |
| <b>Fund Balance at Beginning of Year</b>                | -                  | -                | -                 | -                                  |
| <b>Fund Balance at End of Year</b>                      | <u>\$ -</u>        | <u>\$ 3,824</u>  | <u>\$ 367,159</u> | <u>\$ 363,335</u>                  |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Road Improvement -Capital Projects Fund  
Budget Basis  
For the Year Ended December 31, 2002

|  | Original<br>Budget | Final<br>Budget    | Actual              | Variance<br>Positive<br>(Negative) |
|--|--------------------|--------------------|---------------------|------------------------------------|
| <b>Revenues:</b>                                 |                    |                    |                     |                                    |
| Intergovernmental                                | \$ -               | \$ 1,132,184       | \$ 1,132,184        | \$ -                               |
| Special Assessments                              | -                  | 19,111             | 19,111              | -                                  |
| Interest   | -                  | 79,526             | 121,949             | 42,423                             |
| <b>Total Revenues</b>                            | <b>-</b>           | <b>1,230,821</b>   | <b>1,273,244</b>    | <b>42,423</b>                      |
| <b>Expenditures:</b>                             |                    |                    |                     |                                    |
| Capital Outlay                                   |                    |                    |                     |                                    |
| Road Improvement                                 |                    |                    |                     |                                    |
| Contractual Services                             | 9,915,000          | 10,330,185         | 9,956,610           | 373,575                            |
| <b>Total Expenditures</b>                        | <b>9,915,000</b>   | <b>10,330,185</b>  | <b>9,956,610</b>    | <b>373,575</b>                     |
| <b>Excess of Revenues<br/>Under Expenditures</b> | <b>(9,915,000)</b> | <b>(9,099,364)</b> | <b>(8,683,366)</b>  | <b>415,998</b>                     |
| <b>Other Financing Sources (Uses):</b>           |                    |                    |                     |                                    |
| Proceeds of Notes                                | 7,150,000          | 6,584,829          | 7,180,000           | 595,171                            |
| Advances - In                                    | -                  | 40,000             | 60,615              | 20,615                             |
| Operating Transfers - Out                        | -                  | (333,555)          | (260,661)           | 72,894                             |
| <b>Total Other Financing Sources (Uses)</b>      | <b>7,150,000</b>   | <b>6,291,274</b>   | <b>6,979,954</b>    | <b>688,680</b>                     |
| <b>Net Change in Fund Balance</b>                | <b>(2,765,000)</b> | <b>(2,808,090)</b> | <b>(1,703,412)</b>  | <b>1,104,678</b>                   |
| <b>Fund Balance at Beginning of Year</b>         | <b>2,811,960</b>   | <b>2,811,960</b>   | <b>2,811,960</b>    | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>               | <b>\$ 46,960</b>   | <b>\$ 3,870</b>    | <b>\$ 1,108,548</b> | <b>\$ 1,104,678</b>                |

Butler County, Ohio  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance-Budget and Actual  
Technology-Capital Projects Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget | Final<br>Budget    | Actual             | Variance<br>Positive<br>(Negative) |
|---|--------------------|--------------------|--------------------|------------------------------------|
| <b>Revenues:</b>  |                    |                    |                    |                                    |
| Interest  | \$ -               | \$ 36,240          | \$ 44,773          | \$ 8,533                           |
| Other   | -                  | 220,000            | 220,592            | 592                                |
| <b>Total Revenues</b>                                   | <b>-</b>           | <b>256,240</b>     | <b>265,365</b>     | <b>9,125</b>                       |
| <b>Expenditures:</b>                                    |                    |                    |                    |                                    |
| <b>Capital Outlay</b>                                   |                    |                    |                    |                                    |
| <b>Technology</b>                                       |                    |                    |                    |                                    |
| Personal Services                                       | 170,000            | 166,000            | 119,958            | 46,042                             |
| Contractual Services                                    | 600,000            | 4,400,000          | 4,362,756          | 37,244                             |
| Capital Outlay  | 847,255            | 1,597,255          | 1,485,444          | 111,811                            |
| Other   | -                  | 3,269              | 3,269              | -                                  |
| <b>Total Expenditures</b>                               | <b>1,617,255</b>   | <b>6,166,524</b>   | <b>5,971,427</b>   | <b>195,097</b>                     |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <b>(1,617,255)</b> | <b>(5,910,284)</b> | <b>(5,706,062)</b> | <b>204,222</b>                     |
| <b>Other Financing Sources (Uses):</b>                  |                    |                    |                    |                                    |
| Proceeds of Bonds                                       | -                  | 2,865,000          | 2,865,000          | -                                  |
| Proceeds of Notes                                       | 600,000            | 4,761,283          | 4,770,000          | 8,717                              |
| Advances - In   | -                  | 50,000             | 50,000             | -                                  |
| Operating Transfers - In                                | -                  | 230,000            | 250,000            | 20,000                             |
| Operating Transfers - Out                               | -                  | (2,955,543)        | (2,955,543)        | -                                  |
| <b>Total Other Financing Sources (Uses)</b>             | <b>600,000</b>     | <b>4,950,740</b>   | <b>4,979,457</b>   | <b>28,717</b>                      |
| <b>Net Change in Fund Balance</b>                       | <b>(1,017,255)</b> | <b>(959,544)</b>   | <b>(726,605)</b>   | <b>232,939</b>                     |
| <b>Fund Balance at Beginning of Year</b>                | <b>741,476</b>     | <b>741,476</b>     | <b>741,476</b>     | <b>-</b>                           |
| <b>Prior Year Encumbrances Appropriated</b>             | <b>347,255</b>     | <b>347,255</b>     | <b>347,255</b>     | <b>-</b>                           |
| <b>Fund Balance at End of Year</b>                      | <b>\$ 71,476</b>   | <b>\$ 129,187</b>  | <b>\$ 362,126</b>  | <b>\$ 232,939</b>                  |



Butler County, Ohio  
Schedule of Revenues, Expenses, and  
Changes in Fund Equity-Budget and Actual  
Workers Compensation Benefit-Internal Service Fund  
Budget Basis  
For the Year Ended December 31, 2002

|   | Original<br>Budget  | Final<br>Budget     | Actual              | Variance<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|------------------------------------|
| <b>Revenues:</b>                        |                     |                     |                     |                                    |
| Charges for Services                    | \$ 710,000          | \$ 804,967          | \$ 804,967          | \$ -                               |
| Other Non-Operating Revenues            | 700,000             | -                   | -                   | -                                  |
| Other Operating Revenues                | 5,000               | 235,033             | 240,616             | 5,583                              |
| <b>Total Revenues</b>                   | <b>1,415,000</b>    | <b>1,040,000</b>    | <b>1,045,583</b>    | <b>5,583</b>                       |
| <b>Expenses:</b>                        |                     |                     |                     |                                    |
| Personal Services                       | 222,400             | 222,400             | 218,563             | 3,837                              |
| Contractual Services                    | 402,640             | 398,640             | 313,227             | 85,413                             |
| Claims and Judgments                    | 375,000             | 775,000             | 165,546             | 609,454                            |
| Other Operating Expenses                | -                   | 10,000              | 9,416               | 584                                |
| Other Non-Operating Expenses            | 10,000              | 2,250,000           | 2,237,095           | 12,905                             |
| Capital Outlay                          | -                   | 4,000               | 3,340               | 660                                |
| <b>Total Expenses</b>                   | <b>1,010,040</b>    | <b>3,660,040</b>    | <b>2,947,187</b>    | <b>712,853</b>                     |
| <b>Net Change in Equity Balance</b>     | <b>404,960</b>      | <b>(2,620,040)</b>  | <b>(1,901,604)</b>  | <b>718,436</b>                     |
| <b>Fund Equity at Beginning of Year</b> | <b>4,427,772</b>    | <b>4,427,772</b>    | <b>4,427,772</b>    | <b>-</b>                           |
| <b>Fund Equity at End of Year</b>       | <b>\$ 4,832,732</b> | <b>\$ 1,807,732</b> | <b>\$ 2,526,168</b> | <b>\$ 718,436</b>                  |

Butler County, Ohio  
 Schedule of Revenues, Expenses, and  
 Changes in Fund Equity-Budget and Actual  
 Health Insurance-Internal Service Fund  
 Budget Basis  
 For the Year Ended December 31, 2002

|                                  | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Positive<br>(Negative) |
|----------------------------------|--------------------|-------------------|-------------------|------------------------------------|
| <b>Revenues:</b>                 |                    |                   |                   |                                    |
| Charges for Services             | \$ 800,000         | \$ 800,000        | \$ 928,945        | \$ 128,945                         |
| Total Revenues                   | <u>800,000</u>     | <u>800,000</u>    | <u>928,945</u>    | <u>128,945</u>                     |
| <b>Expenses:</b>                 |                    |                   |                   |                                    |
| Contractual Services             | 600,000            | 600,000           | 445,567           | 154,433                            |
| Total Expenses                   | <u>600,000</u>     | <u>600,000</u>    | <u>445,567</u>    | <u>154,433</u>                     |
| Net Change in Equity Balance     | 200,000            | 200,000           | 483,378           | 283,378                            |
| Fund Equity at Beginning of Year | -                  | -                 | -                 | -                                  |
| Fund Equity at End of Year       | <u>\$ 200,000</u>  | <u>\$ 200,000</u> | <u>\$ 483,378</u> | <u>\$ 283,378</u>                  |

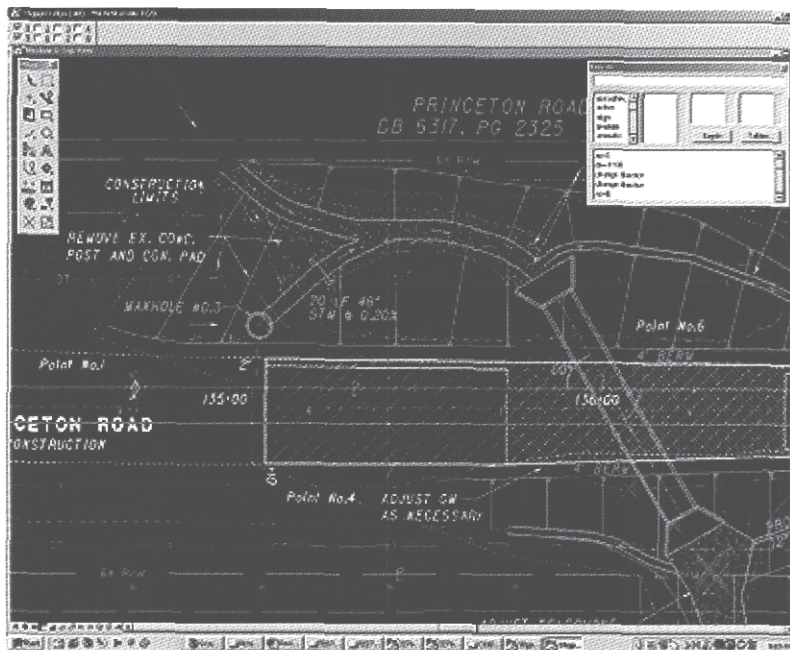
# STATISTICAL SECTION



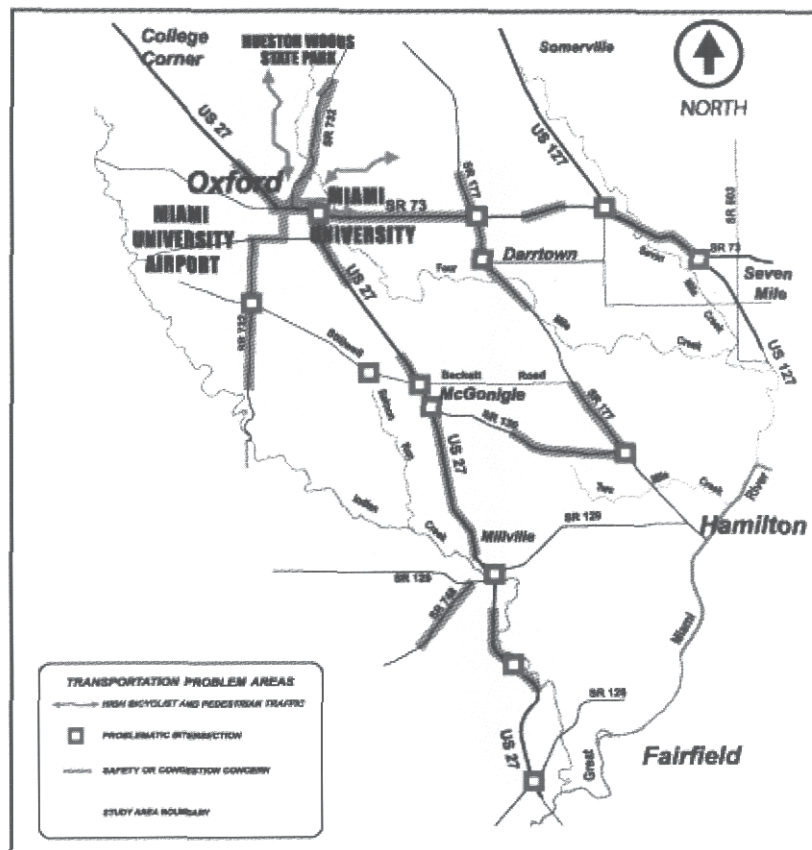
**Four Mile Creek Bridge.**



**New intersection at West Alexandria Road and Elk Creek Road.**



Computer Aided Design (CAD) of new culvert on Princeton Road.



Northwest Butler Transportation Study — 2002 study for traffic flow concerns.

## STATISTICAL TABLES

The following unaudited statistical tables reflect social and economic data, financial trends and fiscal capacity of the County.

## Butler County, Ohio

## General Fund Expenditures by Function

Last Ten Years

Table #1

| Year | General Government        |              |               |              |            |                |                             |                                       |    |    | Total Expenditures |
|------|---------------------------|--------------|---------------|--------------|------------|----------------|-----------------------------|---------------------------------------|----|----|--------------------|
|      | Legislative and Executive | Judicial     | Public Safety | Public Works | Health     | Human Services | Conservation and Recreation | Other Inter-governmental and Interest |    |    |                    |
| 1993 | \$ 8,882,951              | \$ 6,498,004 | \$ 9,336,067  | \$ 80,837    | \$ 394,824 | \$ 851,772     | \$ 295,596                  | \$ 234,222                            | \$ | \$ | \$ 26,574,273      |
| 1994 | 8,250,327                 | 5,814,540    | 9,845,767     | 92,178       | 369,014    | 825,370        | 260,948                     | 249,430                               |    |    | 25,707,574         |
| 1995 | 9,463,817                 | 6,431,142    | 11,257,948    | 60,851       | 381,280    | 815,905        | 178,780                     | 3,001,858                             |    |    | 31,591,581         |
| 1996 | 9,875,616                 | 7,393,837    | 12,007,300    | 89,939       | 421,404    | 834,051        | 331,748                     | 8,469,931                             |    |    | 39,423,826         |
| 1997 | 11,405,024                | 7,970,550    | 15,032,125    | 304,231      | 431,165    | 697,480        | 363,291                     | 1,194,977                             |    |    | 37,398,843         |
| 1998 | 11,715,040                | 8,537,836    | 16,491,138    | 132,104      | 465,723    | 637,902        | 410,878                     | 3,608,423                             |    |    | 41,999,044         |
| 1999 | 15,882,253                | 9,338,592    | 18,123,975    | 560,725      | 226,008    | 536,729        | 446,976                     | 1,639,532                             |    |    | 46,754,790         |
| 2000 | 16,069,560                | 9,432,738    | 20,042,889    | 1,363,732    | 256,306    | 618,284        | 460,000                     | 2,721,104                             |    |    | 50,964,613         |
| 2001 | 16,677,516                | 10,127,737   | 22,079,882    | 706,687      | 361,115    | 773,668        | 487,768                     | 2,498,272                             |    |    | 53,712,645         |
| 2002 | 16,415,210                | 10,999,926   | 23,595,889    | 699,836      | 405,580    | 735,596        | 520,722                     | 2,303,932                             |    |    | 55,676,691         |

Source: Butler County Auditor

Butler County, Ohio

General Fund Revenues by Source

Last Ten Years

Table #2

| Year | Taxes         | Charges for Services | Licenses and Permits | Fines and Forfeitures | Inter-Governmental | Interest     | Net Increase (Decrease) in Fair Market Value | Other Revenue | Total Revenue |
|------|---------------|----------------------|----------------------|-----------------------|--------------------|--------------|--|---------------|---------------|
| 1993 | \$ 20,369,088 | \$ 7,523,787         | \$ 29,885            | \$ 387,650            | \$ 7,038,582       | \$ 2,693,421 | \$ -   | \$ 204,830    | \$ 38,247,243 |
| 1994 | 10,762,537    | 8,082,836            | 29,770               | 414,957               | 7,579,290          | 3,435,851    | -  | 160,631       | 30,465,872    |
| 1995 | 14,955,329    | 7,572,720            | 31,925               | 527,690               | 8,216,326          | 4,588,684    | -  | 147,496       | 36,040,170    |
| 1996 | 19,191,677    | 8,633,088            | 29,345               | 547,684               | 8,645,138          | 4,470,120    | -  | 204,546       | 41,721,598    |
| 1997 | 20,576,274    | 9,368,048            | 30,770               | 612,973               | 6,313,690          | 4,533,974    | 296,905                                      | 196,361       | 41,928,995    |
| 1998 | 21,612,489    | 11,456,868           | 28,660               | 733,919               | 7,309,054          | 6,569,217    | 58,276                                       | 228,643       | 47,997,126    |
| 1999 | 23,425,639    | 11,955,350           | 27,748               | 705,753               | 7,789,996          | 5,856,076    | (1,542,196)                                  | 95,802        | 48,314,168    |
| 2000 | 25,663,966    | 12,597,086           | 29,286               | 1,360,883             | 8,366,906          | 6,979,162    | 1,622,284                                    | 594,972       | 57,214,545    |
| 2001 | 26,511,429    | 13,623,090           | 22,680               | 993,498               | 8,171,414          | 6,537,455    | 1,007,475                                    | 1,756,965     | 58,624,006    |
| 2002 | 25,897,508    | 13,161,903           | 20,665               | 1,106,088             | 10,163,295         | 4,684,763    | (257,478)                                    | 1,306,340     | 56,083,084    |

Source: Butler County Auditor

## Butler County, Ohio

## Property Tax Levies and Collections - Real and Public Utility Taxes

| Last Ten Years |                 | Table #3             |                             |                   |                            |                       |  |                                  |   |  |  |
|----------------|-----------------|----------------------|-----------------------------|-------------------|----------------------------|-----------------------|--|----------------------------------|---|--|--|
| Tax Year       | Collection Year | Current Tax Levy (1) | Current Tax Collections (2) | Percent Collected | Delinquent Tax Collections | Total Tax Collections | Percent of Total Tax Collections To Current Tax Levy | Outstanding Delinquent Taxes (3) | Percent of Outstanding Delinquent Taxes To Current Tax Levy |  |  |
|                |                 |                      |                             |                   |                            |                       |  |                                  |   |  |  |
| 1992           | 1993            | \$ 20,589,757        | \$ 19,601,491               | 95.20%            | \$ 652,997                 | \$ 20,254,488         | 98.37%   | \$ 1,157,631                     | 5.62%   |  |  |
| 1993           | 1994            | 21,895,500           | 20,939,285                  | 95.63             | 802,030                    | 21,741,315            | 99.30  | 1,311,816                        | 5.99  |  |  |
| 1994           | 1995            | 22,563,700           | 21,926,704                  | 97.18             | 622,713                    | 22,549,417            | 99.94  | 1,326,099                        | 5.88  |  |  |
| 1995           | 1996            | 23,218,578           | 22,571,544                  | 97.21             | 584,343                    | 23,155,887            | 99.73  | 1,388,790                        | 5.98  |  |  |
| 1996           | 1997            | 28,283,906           | 27,489,724                  | 97.19             | 681,121                    | 28,170,845            | 99.60  | 1,501,851                        | 5.31  |  |  |
| 1997           | 1998            | 28,283,906           | 28,152,592                  | 99.54             | 686,905                    | 28,839,497            | 101.96   | 946,260                          | 3.35  |  |  |
| 1998           | 1999            | 29,948,107           | 29,250,458                  | 97.67             | 851,008                    | 30,101,466            | 100.51   | 792,901                          | 2.65  |  |  |
| 1999           | 2000            | 32,781,175           | 30,576,335                  | 93.27             | 708,757                    | 31,285,092            | 95.44  | 2,288,984                        | 6.98  |  |  |
| 2000           | 2001            | 36,710,203           | 35,296,717                  | 96.15             | 924,003                    | 36,220,720            | 98.67  | 2,778,467                        | 7.57  |  |  |
| 2001           | 2002            | 39,050,967           | 37,431,914                  | 95.85             | 1,166,797                  | 38,598,711            | 98.84  | 3,230,723                        | 8.27  |  |  |

(1) Does not include the General Health District, a special district that is not a part of the County entity for reporting purposes.

(2) State Reimbursements of Rollback and Homestead Exemptions are included.

(3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Source: Butler County Auditor



Butler County, Ohio

Tangible Personal Property Tax Collections

Last Ten Years

Table #4

---

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 1993        | \$ 4,281,684  |
| 1994        | 4,461,546     |
| 1995        | 4,729,750     |
| 1996        | 5,018,529     |
| 1997        | 6,389,250     |
| 1998        | 6,375,154     |
| 1999        | 6,428,181     |
| 2000        | 6,201,168     |
| 2001        | 7,218,661     |
| 2002        | 7,701,265     |

Source: Butler County Auditor

Butler County, Ohio  
 Department of Environmental Services  
 Revenue Bond Coverage  
 Sewer  
 Last Ten Years

Table #5

| Year | Operating Revenues and Expenses |                       |                       |               | Non-Operating Revenue (Expense) |                                |                                     | Debt Service Requirements (4) |              |              |          |
|------|---------------------------------|-----------------------|-----------------------|---------------|---------------------------------|--------------------------------|-------------------------------------|-------------------------------|--------------|--------------|----------|
|      | Operating Revenues              | Operating Expenses(1) | Net Operating Revenue | Capacity Fees | Other                           | Net Non-Operating Rev (Exp)(2) | Total Available for Debt Service(3) | Principal                     | Interest     | Total        | Coverage |
| 1993 | \$ 7,381,955                    | \$ 6,329,166          | \$ 1,052,789          | \$ 2,250,589  | \$ 355,264                      | \$ 2,605,853                   | \$ 3,658,642                        | \$ 655,000                    | \$ 1,415,372 | \$ 2,070,372 | 1.77     |
| 1994 | 7,646,762                       | 7,510,086             | 136,676               | 2,599,845     | 291,308                         | 2,891,153                      | 3,027,829                           | 730,000                       | 1,286,848    | 2,016,848    | 1.50     |
| 1995 | 8,380,689                       | 7,843,979             | 536,710               | 2,536,676     | 484,788                         | 3,021,464                      | 3,558,174                           | 755,000                       | 1,261,298    | 2,016,298    | 1.76     |
| 1996 | 9,323,813                       | 7,516,918             | 1,806,895             | 3,004,917     | 393,153                         | 3,398,070                      | 5,204,965                           | 785,000                       | 1,803,006    | 2,588,006    | 2.01     |
| 1997 | 10,642,424                      | 7,539,261             | 3,103,163             | 3,290,768     | 411,812                         | 3,702,580                      | 6,805,743                           | 1,175,000                     | 2,055,204    | 3,230,204    | 2.11     |
| 1998 | 11,600,404                      | 7,802,955             | 3,797,449             | 3,196,443     | (178,016)                       | 3,018,427                      | 6,815,876                           | 1,395,000                     | 1,791,187    | 3,186,187    | 2.14     |
| 1999 | 12,192,298                      | 8,193,435             | 3,998,863             | 4,534,624     | 1,923,475                       | 6,458,099                      | 10,456,962                          | 1,650,000                     | 3,191,305    | 4,841,305    | 2.16     |
| 2000 | 15,181,737                      | 8,864,899             | 6,316,838             | 3,360,152     | 1,547,881                       | 4,908,033                      | 11,224,871                          | 2,660,000                     | 3,448,300    | 6,108,300    | 1.84     |
| 2001 | 15,970,470                      | 10,185,500            | 5,784,970             | 4,587,703     | 457,824                         | 5,045,527                      | 10,830,497                          | 2,775,000                     | 3,335,335    | 6,110,335    | 1.77     |
| 2002 | 16,854,168                      | 11,070,073            | 5,784,095             | 6,762,444     | 716,403                         | 7,478,847                      | 13,262,942                          | 2,900,000                     | 2,946,367    | 5,846,367    | 2.27     |

- (1) Operating expenses are shown exclusive of depreciation, per bond covenant.
- (2) Net non-operating Rev(exp) are shown exclusive of interest and fiscal charges, per bond covenant.
- (3) Total Available for Debt Service equals Net Operating Revenue combined with Net Non-Operating Rev(exp).
- (4) Debt Service per bond redemption schedules.

Source: Butler County Auditor

Butler County, Ohio  
 Department of Environmental Services  
 Revenue Bond Coverage  
 Water  
 Last Ten Years

Table #6

| Year | Operating Revenues and Expenses |                       |                   |               | Non-Operating Revenue (Expense) |                        |                                     | Debt Service Requirements (4) |            |            |          |
|------|---------------------------------|-----------------------|-------------------|---------------|---------------------------------|------------------------|-------------------------------------|-------------------------------|------------|------------|----------|
|      | Operating Revenues              | Operating Expenses(1) | Operating Revenue | Capacity Fees | Other                           | Operating Rev (Exp)(2) | Total Available for Debt Service(3) | Principal                     | Interest   | Total      | Coverage |
| 1993 | \$ 6,828,395                    | \$ 7,325,973          | \$ (497,578)      | \$ 2,501,884  | \$ (61,892)                     | \$ 2,439,992           | \$ 1,942,414                        | \$ 110,000                    | \$ 224,828 | \$ 334,828 | 5.80     |
| 1994 | 7,791,832                       | 9,973,526             | (2,181,694)       | 2,608,679     | 8,282                           | 2,616,961              | 435,267                             | 115,000                       | 220,593    | 335,593    | 1.30     |
| 1995 | 9,349,016                       | 11,208,340            | (1,859,324)       | 2,433,793     | 17,587                          | 2,451,380              | 592,056                             | 120,000                       | 215,763    | 335,763    | 1.76     |
| 1996 | 10,657,124                      | 10,715,205            | (58,081)          | 2,235,273     | 305,985                         | 2,541,258              | 2,483,177                           | 125,000                       | 869,388    | 994,388    | 2.50     |
| 1997 | 12,990,411                      | 10,094,113            | 2,896,298         | 2,612,401     | 314,114                         | 2,926,515              | 5,822,813                           | 525,000                       | 1,081,854  | 1,606,854  | 3.62     |
| 1998 | 14,961,586                      | 12,454,508            | 2,507,078         | 2,752,163     | (1,177,096)                     | 1,575,067              | 4,082,145                           | 545,000                       | 1,061,064  | 1,606,064  | 2.54     |
| 1999 | 16,118,567                      | 16,488,844            | (370,277)         | 3,752,395     | (193,335)                       | 3,559,060              | 3,188,783                           | 565,000                       | 1,417,921  | 1,982,921  | 1.61     |
| 2000 | 16,936,905                      | 15,550,143            | 1,386,762         | 2,604,217     | 384,501                         | 2,988,718              | 4,375,480                           | 1,085,000                     | 1,586,699  | 2,671,699  | 1.64     |
| 2001 | 17,900,347                      | 17,594,434            | 305,913           | 2,830,333     | 318,154                         | 3,148,487              | 3,454,400                           | 1,125,000                     | 1,562,237  | 2,687,237  | 1.29     |
| 2002 | 20,300,608                      | 17,442,027            | 2,858,581         | 3,232,357     | 1,239,956                       | 4,472,313              | 7,330,894                           | 1,170,000                     | 1,367,629  | 2,537,629  | 2.89     |

- (1) Operating expenses are shown exclusive of depreciation, per bond covenant.
- (2) Net non-operating Rev(exp) are shown exclusive of interest and fiscal charges, per bond covenant.
- (3) Total Available for Debt Service equals Net Operating Revenue combined with Net Non-Operating Rev(exp).
- (4) Debt Service per bond redemption schedules.

Source: Butler County Auditor

## Permissive Sales Tax Collections

Last Ten Years

Table #7

| Year     | Amount        |
|----------|---------------|
| 1993 (1) | \$ 12,469,647 |
| 1994 (1) | 5,127,651     |
| 1995 (2) | 6,882,983     |
| 1996     | 11,547,600    |
| 1997     | 12,015,456    |
| 1998     | 12,889,270    |
| 1999     | 14,252,234    |
| 2000     | 15,709,348    |
| 2001     | 16,102,332    |
| 2002     | 16,642,460    |

(1) In 1992, Butler County Commissioners by resolution imposed a one year, one percent sales tax collectable in 1993. Amounts collected in 1994 are from carryover tax collections from the imposed 1993 sales tax.

(2) In 1994 the Butler County Commissioners by resolution imposed a permanent one-half percent sales tax effective February 1, 1995. This permanent sales tax is the basis for all collections shown in 1995, 1996, 1997 and 1998.

Source: Butler County Auditor

Butler County, Ohio

Assessed Valuation and  
Estimated Actual Values of Taxable Property

Table #8

Last Ten Years

| Tax<br>Year | Collection<br>Year | Real Property (1) |                              |                   |                              | Tangible Personal Property |                              |                   |                              | Public Utilities Personal |                              |                   |                              | Total             |                              |           |
|-------------|--------------------|-------------------|------------------------------|-------------------|------------------------------|----------------------------|------------------------------|-------------------|------------------------------|---------------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|-----------|
|             |                    | Assessed<br>Value | Estimated<br>Actual<br>Value | Assessed<br>Value | Estimated<br>Actual<br>Value | Assessed<br>Value          | Estimated<br>Actual<br>Value | Assessed<br>Value | Estimated<br>Actual<br>Value | Assessed<br>Value         | Estimated<br>Actual<br>Value | Assessed<br>Value | Estimated<br>Actual<br>Value | Assessed<br>Value | Estimated<br>Actual<br>Value | Ratio (2) |
|             |                    |                   |                              |                   |                              |                            |                              |                   |                              |                           |                              |                   |                              |                   |                              |           |
| 1992        | 1993               | \$ 2,929,242,250  | \$ 8,369,263,571             | \$ 527,353,843    | \$ 2,109,415,372             | \$ 310,770,980             | \$ 353,148,841               | \$ 3,767,367,073  | \$ 10,831,827,784            |                           |                              |                   |                              |                   |                              | 34.78 %   |
| 1993        | 1994               | 3,276,426,740     | 9,361,219,257                | 494,704,501       | 1,978,818,004                | 378,208,250                | 429,782,102                  | 4,149,339,491     | 11,769,819,363               |                           |                              |                   |                              |                   |                              | 35.25     |
| 1994        | 1995               | 3,372,641,010     | 9,636,117,171                | 498,412,670       | 1,993,650,680                | 400,692,850                | 455,332,784                  | 4,271,746,530     | 12,085,100,635               |                           |                              |                   |                              |                   |                              | 35.35     |
| 1995        | 1996               | 3,547,997,320     | 10,137,135,200               | 549,465,585       | 2,197,862,340                | 377,164,450                | 428,595,966                  | 4,474,627,355     | 12,763,593,506               |                           |                              |                   |                              |                   |                              | 35.06     |
| 1996        | 1997               | 3,939,072,770     | 11,254,493,629               | 618,825,072       | 2,475,300,288                | 376,357,290                | 427,678,739                  | 4,934,255,132     | 14,157,472,656               |                           |                              |                   |                              |                   |                              | 34.85     |
| 1997        | 1998               | 4,068,350,540     | 11,623,858,686               | 680,964,144       | 2,723,856,576                | 370,135,330                | 420,608,330                  | 5,119,450,014     | 14,768,323,592               |                           |                              |                   |                              |                   |                              | 34.67     |
| 1998        | 1999               | 4,199,464,910     | 11,998,471,171               | 659,774,662       | 2,639,098,648                | 377,009,040                | 428,419,364                  | 5,236,248,612     | 15,065,989,183               |                           |                              |                   |                              |                   |                              | 34.76     |
| 1999        | 2000               | 4,764,719,420     | 13,613,484,057               | 694,566,748       | 2,778,266,992                | 381,459,890                | 433,477,148                  | 5,840,746,058     | 16,825,228,197               |                           |                              |                   |                              |                   |                              | 34.71     |
| 2000        | 2001               | 4,990,028,970     | 14,257,225,629               | 722,909,820       | 2,891,639,280                | 360,025,500                | 409,119,886                  | 6,072,964,290     | 17,557,984,795               |                           |                              |                   |                              |                   |                              | 34.59     |
| 2001        | 2002               | 5,144,613,220     | 14,698,894,914               | 766,473,543       | 3,065,894,172                | 237,777,970                | 270,202,239                  | 6,148,864,733     | 18,034,991,325               |                           |                              |                   |                              |                   |                              | 34.09     |

(1) Includes Public Utility Real Property.

(2) Ratio represents Total Estimated Actual Value to Total Assessed Value.

Source: Butler County Auditor

Butler County, Ohio  
Property Tax Rates - Direct and Overlapping Governments (1)

Last Ten Years  
Per \$1,000 of Assessed Value  
Table #9

| County                          | 1993    | 1994    | 1995    | 1996    | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| General Fund                    | \$ 1.92 | \$ 1.92 | \$ 1.92 | \$ 1.92 | \$ 1.92 | \$ 1.92 | \$ 1.92 | \$ 1.92 | \$ 1.92 | \$ 1.92 |
| Mental Retardation Levy         | 3.00    | 3.00    | 3.00    | 3.00    | 3.00    | 3.00    | 3.00    | 3.00    | 3.00    | 3.00    |
| Mental Health Levy              | 0.50    | 0.50    | 0.50    | 0.50    | 0.50    | 0.50    | 0.50    | 0.50    | 0.50    | 0.50    |
| Miami Conservancy Levy          | 0.02    | 0.02    | 0.03    | 0.03    | 0.03    | 0.03    | 0.03    | 0.03    | 0.03    | 0.03    |
| Children Services Levy          | 2.00    | 2.00    | 2.00    | 2.00    | 2.00    | 2.00    | 2.00    | 2.00    | 2.00    | 2.00    |
| Senior Citizens                 | -       | -       | -       | -       | 1.00    | 1.00    | 1.00    | 1.00    | 1.30    | 1.30    |
| Total County                    | 7.44    | 7.44    | 7.45    | 7.45    | 8.45    | 8.45    | 8.45    | 8.45    | 8.75    | 8.75    |
| <b>Townships</b>                |         |         |         |         |         |         |         |         |         |         |
| Fairfield (2)                   | 7.19    | -       | -       | -       | 7.19    | 7.19    | 7.19    | 7.19    | 7.19    | 7.19    |
| Fairfield - Fire District       | 12.19   | -       | -       | -       | 12.19   | 12.19   | 12.19   | 12.19   | 12.19   | 12.19   |
| Fairfield - Fairfield City      | 0.29    | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Hanover                         | 2.72    | 2.72    | 2.72    | 2.72    | 2.72    | 2.72    | 2.72    | 2.72    | 2.72    | 2.72    |
| Hanover - Millville Village     | 0.42    | 0.42    | 0.42    | 0.42    | 0.42    | 0.42    | 0.42    | 0.42    | 0.42    | 0.42    |
| Lemon                           | 9.42    | 4.92    | 2.92    | -       | -       | -       | -       | -       | -       | -       |
| Lemon - Monroe Village          | 0.60    | 0.60    | 0.60    | -       | -       | -       | -       | -       | -       | -       |
| Liberty                         | 4.09    | 4.09    | 5.59    | 5.59    | 7.59    | 7.59    | 7.59    | 9.09    | 10.59   | 10.59   |
| Liberty - Monroe Village        | 2.09    | 0.59    | 0.59    | 0.59    | 0.59    | 0.59    | 0.59    | 0.59    | 0.59    | 0.59    |
| Madison                         | 2.26    | 2.26    | 2.26    | 2.26    | 2.26    | 2.26    | 2.26    | 2.26    | 2.26    | 2.26    |
| Milford                         | 5.74    | 5.74    | 5.74    | 5.74    | 5.74    | 5.74    | 5.74    | 5.74    | 5.74    | 5.74    |
| Milford - Somerville Village    | 0.80    | 0.80    | 0.80    | 0.80    | 0.80    | 0.80    | 0.80    | 0.80    | 0.80    | 0.80    |
| Morgan                          | 5.22    | 5.22    | 5.22    | 5.22    | 5.22    | 5.22    | 6.22    | 6.22    | 6.22    | 5.72    |
| Oxford                          | 5.84    | 5.84    | 5.84    | 7.84    | 7.84    | 7.84    | 7.84    | 7.84    | 7.84    | 7.84    |
| Oxford - College Corner Village | 0.24    | 0.24    | 0.24    | 0.24    | 0.24    | 0.24    | 0.24    | 0.24    | 0.24    | 0.24    |
| Oxford - Oxford City            | 0.24    | 0.24    | 0.24    | 0.24    | 0.24    | 0.24    | 0.24    | 0.24    | 0.24    | 0.24    |
| Reily                           | 5.39    | 5.39    | 5.39    | 5.39    | 5.39    | 5.39    | 7.39    | 7.39    | 7.39    | 7.39    |
| Ross                            | 4.72    | 5.72    | 3.72    | 5.72    | 5.72    | 5.72    | 5.72    | 5.72    | 5.72    | 6.72    |
| Ross - Millville Village        | 0.92    | 0.92    | 0.92    | 0.92    | 0.92    | 0.92    | 0.92    | 0.92    | 0.92    | 0.92    |
| St. Clair                       | 4.47    | 4.47    | 4.47    | 4.47    | 4.47    | 4.47    | 4.47    | 4.47    | 4.47    | 4.47    |
| St. Clair - New Miami Village   | 1.01    | 1.01    | 1.01    | 1.01    | 1.01    | 1.01    | 1.01    | 1.01    | 1.01    | 1.01    |
| St. Clair - Sevenmile Village   | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    |
| Wayne                           | 5.08    | 3.58    | 4.58    | 4.58    | 4.58    | 4.58    | 3.58    | 3.58    | 3.58    | 3.58    |
| Wayne - Jacksonburg Village     | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    |
| Wayne - Sevenmile Village       | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    | 0.51    |
| West Chester (4)                | 9.59    | 9.59    | 9.59    | 9.59    | 9.59    | 9.59    | 9.59    | 10.59   | 10.59   | 13.09   |
| West Chester-Fairfield City     | 0.59    | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| West Chester-Sharonville Corp   | 0.59    | -       | -       | -       | -       | -       | -       | -       | -       | -       |

(continued)

Butler County, Ohio  
 Property Tax Rates - Direct and Overlapping Governments (1)  
 (continued)  
 Last Ten Years  
 Per \$1,000 of Assessed Value

Table #9

| Collection Year                       | 1993     | 1994     | 1995     | 1996     | 1997     | 1998     | 1999     | 2000     | 2001     | 2002     |
|---------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>School Districts</b>               |          |          |          |          |          |          |          |          |          |          |
| Fairfield City School District        | \$ 50.76 | \$ 55.16 | \$ 55.16 | \$ 55.16 | \$ 53.56 | \$ 53.56 | \$ 54.16 | \$ 54.16 | \$ 54.23 | \$ 54.11 |
| Edgewood City School District         | 37.61    | 35.36    | 34.61    | 34.11    | 33.61    | 33.61    | 37.55    | 37.11    | 37.11    | 43.76    |
| Lakota Local School District          | 48.14    | 49.24    | 50.14    | 56.24    | 56.14    | 56.14    | 56.14    | 55.14    | 61.88    | 61.88    |
| Madison Local School District         | 32.14    | 31.94    | 31.84    | 31.09    | 30.94    | 30.94    | 30.94    | 35.94    | 36.29    | 36.54    |
| New Miami Local School District       | 25.84    | 25.84    | 25.09    | 25.09    | 25.09    | 25.09    | 25.09    | 29.09    | 29.39    | 29.42    |
| Ross Local School District            | 42.18    | 47.73    | 46.43    | 45.84    | 45.73    | 45.73    | 45.73    | 45.73    | 45.73    | 45.73    |
| Talawanda City School District        | 51.80    | 51.80    | 51.80    | 46.30    | 43.80    | 43.80    | 43.80    | 43.80    | 50.30    | 50.30    |
| Hamilton City School District         | 43.81    | 43.81    | 43.81    | 43.81    | 43.81    | 43.81    | 43.81    | 48.21    | 48.21    | 48.21    |
| Middletown City School District       | 32.88    | 32.88    | 38.20    | 37.03    | 36.63    | 36.63    | 36.56    | 35.33    | 34.98    | 34.78    |
| <b>Out-of-County School Districts</b> |          |          |          |          |          |          |          |          |          |          |
| Northwest Local School District       | 43.18    | 43.15    | 42.98    | 42.98    | 50.18    | 50.18    | 50.18    | 50.13    | 49.80    | 49.80    |
| Southwest Local School District       | 45.13    | 45.13    | 45.13    | 44.77    | 44.74    | 44.74    | 48.22    | 48.22    | 47.88    | 47.75    |
| Princeton City School District        | 42.24    | 42.24    | 42.24    | 42.24    | 42.24    | 42.24    | 42.24    | 46.19    | 46.19    | 46.19    |
| College Corner Local School District  | 41.45    | 41.45    | 40.65    | 40.10    | 32.10    | 32.10    | 32.10    | 32.10    | 32.10    | 32.10    |
| Preble Shawnee Local School District  | 27.50    | 22.50    | 25.00    | 24.50    | 22.50    | 22.50    | 25.49    | 25.49    | 25.49    | 25.49    |
| Mason Local School District           | 51.00    | 50.78    | 53.26    | 62.36    | 61.95    | 61.95    | 61.95    | 61.95    | 64.57    | 71.11    |
| <b>Joint Vocational Schools</b>       |          |          |          |          |          |          |          |          |          |          |
| Butler County JVS                     | 1.97     | 1.94     | 1.93     | 1.93     | 1.93     | 1.93     | 1.93     | 1.93     | 1.93     | 1.93     |
| Great Oaks JVS                        | 2.70     | 2.70     | 2.70     | 2.70     | 2.70     | 2.70     | 2.70     | 2.70     | 2.70     | 2.70     |
| Montgomery County JVS                 | 1.98     | 2.58     | 2.58     | 2.58     | 2.58     | 2.58     | 2.58     | 2.58     | 2.58     | 2.58     |

(continued)

Butler County, Ohio  
 Property Tax Rates - Direct and Overlapping Governments (1)  
 (continued)  
 Last Ten Years  
 Per \$1,000 of Assessed Value

Table #9

| Cities             | 1993    | 1994    | 1995    | 1996    | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    |
|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Fairfield          | \$ 4.25 | \$ 4.54 | \$ 4.54 | \$ 4.54 | \$ 4.54 | \$ 4.54 | \$ 4.54 | \$ 4.54 | \$ 5.94 | \$ 5.94 |
| Indian Springs (3) | -       | 7.19    | 7.19    | 7.19    | -       | -       | -       | -       | -       | -       |
| Oxford             | 3.65    | 3.65    | 3.65    | 3.65    | 3.65    | 3.65    | 3.65    | 3.65    | 3.65    | 3.65    |
| Trenton            | 3.24    | 4.99    | 4.99    | 4.99    | 4.99    | 4.99    | 4.99    | 4.74    | 4.74    | 4.74    |
| Hamilton           | 5.11    | 5.11    | 5.11    | 5.06    | 5.06    | 5.06    | 5.06    | 5.06    | 5.12    | 5.12    |
| Middletown         | 6.56    | 6.57    | 6.38    | 6.31    | 6.31    | 6.31    | 6.36    | 4.14    | 5.86    | 5.86    |
| Villages           |         |         |         |         |         |         |         |         |         |         |
| Millville          | 2.30    | 2.30    | 2.30    | 2.30    | 2.30    | 2.30    | 2.30    | 2.30    | 2.30    | 2.30    |
| Sevenmile          | 8.42    | 8.42    | 7.92    | 9.22    | 7.32    | 7.32    | 8.82    | 8.02    | 7.62    | 7.02    |
| Monroe             | 9.17    | 9.17    | 7.85    | 7.85    | 7.85    | 7.85    | 7.85    | 7.85    | 9.85    | 9.85    |
| Jacksonburg        | 2.00    | 2.00    | 2.00    | 2.00    | 2.00    | 2.00    | 2.00    | 2.00    | 2.00    | 2.00    |
| New Miami          | 4.30    | 4.30    | 4.30    | 4.30    | 4.30    | 4.30    | 4.30    | 4.30    | 4.30    | 8.30    |
| Somerville         | 3.09    | 3.09    | 3.09    | 3.09    | 3.09    | 3.09    | 3.09    | 3.09    | 3.09    | 3.09    |
| College Corner     | 14.40   | 14.40   | 14.40   | 14.40   | 14.40   | 14.40   | 14.40   | 14.40   | 14.40   | 14.40   |

- (1) Property tax rates are determined by a combination of the county-wide tax rate and the applicable tax rates for the school district, township, municipality or other districts in which a given property is located.
- (2) Fairfield Township dissolved and became the City of Indian Springs in 1994.
- (3) The City of Indian Springs dissolved and reverted to Fairfield Township in 1997.
- (4) Union Township dissolved and became West Chester Township in 2000.

Source: Butler County Auditor



## Butler County, Ohio

Real and Tangible Personal Property  
Principal Taxpayers  
December 31, 2002

Table #10

| Name of Taxpayer               | Nature of Business | Real Estate        |           | Personal Property  |           | Total<br>Assessed Valuation | Percent of<br>Total County<br>Assessed Valuation<br>(2002 Collection Year) |
|--------------------------------|--------------------|--------------------|-----------|--------------------|-----------|-----------------------------|--|
|                                |                    | Assessed Valuation | \$        | Assessed Valuation | \$        |                             |  |
| Cincinnati Gas & Electric      | Public Utility     | 162,956,551        | \$        | -                  | \$        | 162,956,551                 | 2.65 %   |
| AK Steel                       | Business           | 23,225,326         |           | 130,222,930        |           | 153,448,256                 | 2.50   |
| Miller Brewing Company         | Business           | 27,820,151         |           | 33,317,260         |           | 61,137,411                  | 0.99   |
| Cincinnati Bell                | Public Utility     | 41,020,031         |           | 710                |           | 41,020,741                  | 0.67   |
| Meijer                         | Business           | 13,944,196         |           | 6,787,850          |           | 20,732,046                  | 0.34   |
| United Care Corp               | Business           | 17,398,757         |           | -                  |           | 17,398,757                  | 0.28   |
| Bay West Paper Corp            | Business           | 1,750,668          |           | 14,622,420         |           | 16,373,088                  | 0.27   |
| Worthington Steel              | Business           | 4,624,482          |           | 9,285,990          |           | 13,910,472                  | 0.23   |
| Ohio Casualty Insurance Compan | Business           | 13,212,298         |           | -                  |           | 13,212,298                  | 0.21   |
| Pilarczyk Daniel E             | Business           | 11,043,915         |           | -                  |           | 11,043,915                  | 0.18   |
| <b>Totals</b>                  |                    | <b>316,996,375</b> | <b>\$</b> | <b>194,237,160</b> | <b>\$</b> | <b>511,233,535</b>          | <b>8.32 %</b>  |

Source: Butler County Auditor

Butler County, Ohio

Special Assessments Billed and Collected

Last Ten Years

Table #11

| Collection Year | Amount Billed | Amount (1) Collected | Percent Collected |
|-----------------|---------------|----------------------|-------------------|
| 1993            | \$ 829,377    | \$ 869,294           | 104.81 %          |
| 1994            | 867,637       | 811,327              | 93.51             |
| 1995            | 929,369       | 910,785              | 98.00             |
| 1996            | 1,049,245     | 921,655              | 87.84             |
| 1997            | 1,271,532     | 1,118,566            | 87.97             |
| 1998            | 1,272,282     | 1,074,099            | 84.42             |
| 1999            | 1,226,847     | 1,169,097            | 95.29             |
| 2000            | 1,699,336     | 1,540,991            | 90.68             |
| 2001            | 3,391,594     | 3,243,508            | 95.63             |
| 2002            | 2,029,954     | 1,935,767            | 95.36             |

(1) Amount includes carryover accumulated delinquencies, Miami Conservancy and Acquifer Preservation Assessments.

Source: Butler County Auditor

## Butler County, Ohio

## Computation of Legal Debt Margin

December 31, 2002

Table #12

|  | Total Debt<br>Limit (1) | Total Unvoted<br>Debt Limit (2) |
|--|-------------------------|---------------------------------|
| Assessed Value of County<br>Collection Year 2002                   | \$ 6,148,864,733        | \$ 6,148,864,733                |
| Debt Limit   | \$ 152,221,618          | \$ 61,488,647                   |
| <b>Total Outstanding Debt:</b>                                     |                         |                                 |
| General Obligation Bonds   | \$ 47,922,784           | \$ 47,922,784                   |
| General Obligation Notes   | 16,865,000              | 16,865,000                      |
| Judgement Bonds  | 35,030,000              | 35,030,000                      |
| OPWC Loan  | 1,079,495               | 1,079,495                       |
| Revenue Bonds  | 93,775,000              | 93,775,000                      |
| Sales Tax Bonds  | 25,925,000              | 25,925,000                      |
| Self Supporting Notes (4)  | 19,630,000              | 19,630,000                      |
| Special Assessment Debt  | 13,511,000              | 13,511,000                      |
| <b>Total</b>   | <u>\$ 253,738,279</u>   | <u>\$ 253,738,279</u>           |
| <b>Exemptions:</b>   |                         |                                 |
| Debt Service Fund Balance (3)                                      |                         |                                 |
| General Obligation Detention Facility Bonds                        | \$ 29,875,000           | \$ 29,875,000                   |
| Judgement Bonds  | 35,030,000              | 35,030,000                      |
| Juvenile Detention Expansion Notes                                 | 1,480,000               | 1,480,000                       |
| OPWC Loan  | 1,079,495               | 1,079,495                       |
| Revenue Bonds  | 93,775,000              | 93,775,000                      |
| Sales Tax Bonds  | 25,925,000              | 25,925,000                      |
| Self Supporting Notes (4)  | 19,630,000              | 19,630,000                      |
| Special Assessment Debt  | 13,511,000              | 13,511,000                      |
| <b>Total</b>   | <u>\$ 220,305,495</u>   | <u>\$ 220,305,495</u>           |
| <b>Net Debt</b>  | <u>\$ 33,432,784</u>    | <u>\$ 33,432,784</u>            |
| <b>Total Legal Debt Margin</b><br>(Debt Limitation minus Net Debt) | <u>\$ 118,788,834</u>   | <u>\$ 28,055,863</u>            |

(1) The total debt limitation is calculated as follows:

|   |              |
|---|--------------|
| 3% of first \$100,000,000 of assessed value                   | \$ 3,000,000 |
| 1 1/2% of next \$200,000,000 of assessed value                | 3,000,000    |
| 2 1/2% of amount of assessed value in excess of \$300,000,000 | 146,221,618  |

|                              |                       |
|------------------------------|-----------------------|
| <b>Total Debt Limitation</b> | <u>\$ 152,221,618</u> |
|------------------------------|-----------------------|

(2) The Total Unvoted Debt Limitation is calculated as 1% of assessed value. \$ 61,488,647

(3) The balance in the debt service fund is reserved for special assessment debt.

(4) Self-supporting notes are re-paid from sources other than the General Fund.

Note: Does not include capital leases or pension obligations.

Source: Butler County Auditor

## Butler County, Ohio

Ratio of Net General Bonded Debt  
to Assessed Value and Net Bonded Debt per Capita

Last Ten Years

Table #13

| Year | (3)<br>Population | (1)<br>Assessed<br>Value | (1)&(2)<br>Gross<br>General<br>Bonded Debt | (1) Debt<br>Service<br>Monies<br>Available | Debt<br>Payable from<br>Enterprise<br>Funds | Net<br>General<br>Bonded<br>Debt | Ratio of<br>Net General<br>Bonded Debt to<br>Assessed Value | Net General<br>Bonded Debt<br>Per Capita |
|------|-------------------|--------------------------|--|--|---|----------------------------------|---|--|
| 1993 | 291,479           | \$ 3,767,367,073         | \$3,914,966                                | -  | \$2,944,966                                 | \$ 970,000                       | 0.02575 %   | 3.33 %                                   |
| 1994 | 312,835           | 4,149,339,491            | 3,578,368                                  | -  | 2,718,368                                   | 860,000                          | 0.02073   | 2.75                                     |
| 1995 | 316,000           | 4,271,746,530            | 3,241,770                                  | -  | 2,491,770                                   | 750,000                          | 0.01756   | 2.37                                     |
| 1996 | 320,500           | 4,474,627,355            | 10,708,368                                 | -  | 2,268,368                                   | 8,440,000                        | 0.18862   | 26.33                                    |
| 1997 | 328,263           | 4,934,255,132            | 19,224,966                                 | -  | 2,044,966                                   | 17,180,000                       | 0.34818   | 52.34                                    |
| 1998 | 331,065           | 5,119,450,014            | 18,641,564                                 | -  | 1,821,564                                   | 16,820,000                       | 0.32855   | 50.81                                    |
| 1999 | 334,011           | 5,236,248,612            | 18,043,162                                 | -  | 1,598,162                                   | 16,445,000                       | 0.31406   | 49.23                                    |
| 2000 | 332,807           | 5,840,746,058            | 17,136,564                                 | -  | 1,371,564                                   | 15,765,000                       | 0.26991   | 47.37                                    |
| 2001 | 333,486           | 6,072,964,290            | 16,204,966                                 | -  | 1,144,966                                   | 15,060,000                       | 0.24798   | 45.16                                    |
| 2002 | 340,543           | 6,148,864,733            | 47,922,784                                 | -  | 912,784                                     | 47,010,000                       | 0.76453   | 138.04                                   |

(1) Butler County Auditor.

(2) Includes all general obligation bonded debt.

(3) Butler County Economic Development Department. The 1994 through 1999 and 2001 population is estimated.

Butler County, Ohio

Ratio of Annual Debt Service Expenditures  
for General Bonded Debt to Total General Fund Expenditures

Last Ten Years

Table #14

| Year | Debt<br>Principal | (1) | Debt<br>Interest | (1) | Total<br>Debt<br>Service | General Fund<br>Expenditures | Ratio of Debt<br>Service to General<br>Fund Expenditures |
|------|-------------------|-----|------------------|-----|--------------------------|------------------------------|--|
| 1993 | \$ 105,000        |     | \$ 50,586        |     | \$ 155,586               | \$ 26,574,273                | 0.59   |
| 1994 | 110,000           |     | 47,726           |     | 157,726                  | 25,707,574                   | 0.61   |
| 1995 | 110,000           |     | 43,574           |     | 153,574                  | 31,591,581                   | 0.49   |
| 1996 | 105,000           |     | 38,085           |     | 143,085                  | 39,423,826                   | 0.36   |
| 1997 | 175,000           |     | 629,350          |     | 804,350                  | 37,398,843                   | 2.15   |
| 1998 | 360,000           |     | 874,628          |     | 1,234,628                | 41,999,044                   | 2.94   |
| 1999 | 375,000           |     | 858,129          |     | 1,233,129                | 45,164,239                   | 2.73   |
| 2000 | 680,000           |     | 840,117          |     | 1,520,117                | 54,551,521                   | 2.79   |
| 2001 | 705,000           |     | 809,132          |     | 1,514,132                | 53,712,645                   | 2.82   |
| 2002 | 670,000           |     | 776,248          |     | 1,446,248                | 55,676,691                   | 2.60   |

(1) Does not include General Obligation Bonds paid from Enterprise funds.

Source: Butler County Auditor

Butler County, Ohio

Computation of Direct and Overlapping  
General Obligation Bonded Debt  
December 31, 2002

Table #15

| Name of Government                    | Amount<br>Of Debt     | (2)<br>Percentage Applicable<br>To Butler County | Amount Applicable<br>To Butler County |
|---------------------------------------|-----------------------|--|---------------------------------------|
| Butler County                         | \$ 47,010,000 (1)     | 100.00 %   | \$ 47,010,000                         |
| City of Fairfield                     | 18,665,000            | 100.00   | 18,665,000                            |
| City of Hamilton                      | 10,827,052            | 100.00   | 10,827,052                            |
| City of Middletown                    | 15,344,000            | 100.00   | 15,344,000                            |
| City of Oxford                        | 3,570,000             | 100.00   | 3,570,000                             |
| Hamilton City School District         | 950,000               | 100.00   | 950,000                               |
| Butler County Joint Vocational School | 7,995,000             | 100.00   | 7,995,000                             |
| SubTotal for overalapping             | <u>\$ 57,351,052</u>  | <u>100.00</u>                                    | <u>\$ 57,351,052</u>                  |
| Total                                 | <u>\$ 104,361,052</u> | <u>100.00 %</u>                                  | <u>\$ 104,361,052</u>                 |

(1) Amount of debt was derived by taking gross general bonded debt (excluding those supported by enterprise funds). Amount of debt does not include any balances in debt service funds.

(2) Percent applicable to Butler County calculated using assessed valuation of taxing district in Butler County divided by total assessed valuation of taxing district.

Source: Butler County Auditor, Ohio Municipal Advisory Council

## Butler County, Ohio

## Restricted Cash and Cash Equivalents with Fiscal Agent Summary

December 31, 2002

Table #16

|                                  | Beginning<br>Balance<br>12/31/2001 | Increase<br>2002     | Decrease<br>2002       | Interest<br>Income Net<br>of Fees | Ending<br>Balance<br>12/31/2002 |
|----------------------------------|------------------------------------|----------------------|------------------------|-----------------------------------|---------------------------------|
| <b>General:</b>                  |                                    |                      |                        |                                   |                                 |
| <b>1997 Sales Tax Bonds:</b>     |                                    |                      |                        |                                   |                                 |
| Interest                         | \$ 359,580                         | \$ 2,241,240         | \$ (2,397,887)         | \$ 34,957                         | \$ 237,890                      |
| Reserve Account                  | 2,427,333                          | -                    | -                      | 26,476                            | 2,453,809                       |
| <b>Total Escrow - General</b>    | <b>\$ 2,786,913</b>                | <b>\$ 2,241,240</b>  | <b>\$ (2,397,887)</b>  | <b>\$ 61,433</b>                  | <b>\$ 2,691,699</b>             |
| <b>Sewer:</b>                    |                                    |                      |                        |                                   |                                 |
| <b>1992 Revenue Bonds:</b>       |                                    |                      |                        |                                   |                                 |
| Bond + Interest (1)              | \$ 6,406                           | \$ 1,422,341         | \$ (1,387,359)         | \$ 1,251                          | \$ 42,639                       |
| Reserve Account (1)              | 2,039,126                          | -                    | (465,484)              | 7,725                             | 1,581,367                       |
| Subtotal 1992 Bonds              | 2,045,532                          | 1,422,341            | (1,852,843)            | 8,976                             | 1,624,006                       |
| <b>1996 Revenue Bonds:</b>       |                                    |                      |                        |                                   |                                 |
| Bond + Interest                  | 4,002                              | 1,072,416            | (974,720)              | 1,698                             | 103,396                         |
| Reserve Account                  | 1,227,480                          | -                    | (15,716)               | 4,630                             | 1,216,394                       |
| Subtotal 1996 Bonds              | 1,231,482                          | 1,072,416            | (990,436)              | 6,328                             | 1,319,790                       |
| <b>1997 Revenue Bonds:</b>       |                                    |                      |                        |                                   |                                 |
| Bond + Interest                  | 842                                | 170,018              | (154,322)              | 361                               | 16,899                          |
| Reserve Account                  | 198,586                            | -                    | (3,307)                | 1,271                             | 196,550                         |
| Subtotal 1997 Bonds              | 199,428                            | 170,018              | (157,629)              | 1,632                             | 213,449                         |
| <b>1998 Revenue Bonds:</b>       |                                    |                      |                        |                                   |                                 |
| Bond + Interest                  | 4,313                              | 1,206,863            | (1,043,671)            | 2,514                             | 170,019                         |
| Reserve Account                  | 538,243                            | -                    | (8,976)                | 3,458                             | 532,725                         |
| Subtotal 1998 Bonds              | 542,556                            | 1,206,863            | (1,052,647)            | 5,972                             | 702,744                         |
| <b>1999 Revenue Bonds:</b>       |                                    |                      |                        |                                   |                                 |
| Bond + Interest (3)              | 9,609                              | 1,955,425            | (1,776,929)            | 4,086                             | 192,191                         |
| Reserve Account                  | 2,245,635                          | -                    | (37,944)               | 14,372                            | 2,222,063                       |
| Subtotal 1999 Bonds              | 2,255,244                          | 1,955,425            | (1,814,873)            | 18,458                            | 2,414,254                       |
| <b>Total Escrow - Sewer</b>      | <b>\$ 6,274,242</b>                | <b>\$ 5,827,063</b>  | <b>\$ (5,868,428)</b>  | <b>\$ 41,366</b>                  | <b>\$ 6,274,243</b>             |
| <b>Water:</b>                    |                                    |                      |                        |                                   |                                 |
| <b>1996 Revenue Bonds</b>        |                                    |                      |                        |                                   |                                 |
| Bond + Interest                  | \$ 117,414                         | \$ 1,362,033         | \$ (1,373,136)         | \$ 4,259                          | \$ 110,570                      |
| Reserve Account                  | 1,645,903                          | -                    | (41,020)               | 58,973                            | 1,663,856                       |
| Subtotal 1996 Bonds              | 1,763,317                          | 1,362,033            | (1,414,156)            | 63,232                            | 1,774,426                       |
| <b>1999 Revenue Bonds</b>        |                                    |                      |                        |                                   |                                 |
| Bond + Interest (2)              | 130,970                            | 1,509,249            | (1,521,504)            | 5,037                             | 123,752                         |
| Reserve Account                  | 1,521,271                          | -                    | (241,089)              | 16,593                            | 1,296,775                       |
| Subtotal 1999 Bonds              | 1,652,241                          | 1,509,249            | (1,762,593)            | 21,630                            | 1,420,527                       |
| <b>Total Escrow - Water</b>      | <b>\$ 3,415,558</b>                | <b>\$ 2,871,282</b>  | <b>\$ (3,176,749)</b>  | <b>\$ 84,862</b>                  | <b>\$ 3,194,953</b>             |
| <b>Total Escrow - Enterprise</b> | <b>\$ 9,689,800</b>                | <b>\$ 8,698,345</b>  | <b>\$ (9,045,177)</b>  | <b>\$ 126,228</b>                 | <b>\$ 9,469,196</b>             |
| <b>Total Escrow - Trust Cash</b> | <b>\$ 12,476,713</b>               | <b>\$ 10,939,585</b> | <b>\$ (11,443,064)</b> | <b>\$ 187,661</b>                 | <b>\$ 12,160,895</b>            |

(continued)

Restricted Cash and Cash Equivalents with Fiscal Agent Summary  
 (continued)  
 December 31, 2002

Table #16

|  | <u>Reconciliation of<br/>Restricted Cash</u> |
|--|--|
| <b>General Fund:</b>                   |  |
| Escrow-Bonds                           | <u>\$ 2,691,699</u>                          |
| <b>Sewer Fund:</b>                     |  |
| Escrow-Bonds (3)                       | \$ 6,274,243                                 |
| Replacement & Improvement Fund (4)     | 6,575,302                                    |
| Total Sewer Restricted Cash            | <u>\$ 12,849,545</u>                         |
| <b>Water Fund:</b>                     |  |
| Escrow-Bonds (2)                       | \$ 3,194,953                                 |
| Replacement & Improvement Fund (4)     | 1,489,132                                    |
| Refundable Deposits (4)                | 85,170                                       |
| Total Water Restricted Cash            | <u>\$ 4,769,255</u>                          |
| <b>Enterprise Funds:</b>               |  |
| Escrow-Bonds                           | \$ 9,469,196                                 |
| Replacement & Improvement Fund (4)     | 8,064,434                                    |
| Refundable Deposits (4)                | 85,170                                       |
| Total Restricted Cash-Enterprise Funds | <u>\$ 17,618,800</u>                         |
| <b>Total Restricted Cash:</b>          |  |
| Primary Government                     | <u>\$ 20,310,499</u>                         |

(1) Relates to the portion of the 1992 Sewer Revenue Bond which was not advanced refunded.

(2) Includes cost of issue transactions, defeasance funding and note retirement.

(3) Includes cost of issue transactions and note retirement.

(4) Maintained in County Treasury, but restricted for purpose.

Source: Butler County Auditor



## LABOR FORCE STATISTICS

## 1990 Census Data

|                                 |         |
|---------------------------------|---------|
| Total Persons 16 Years and Over | 256,128 |
| Total in Labor Force            | 170,576 |
| Percentage in Labor Force       | 66.6%   |
| Males 16 Years and Over         | 122,891 |
| Number in Labor Force           | 91,231  |
| Percentage in Labor Force       | 74.2%   |
| Females 16 Years and Over       | 133,237 |
| Number in Labor Force           | 79,345  |
| Percentage in Labor Force       | 59.6%   |

CIVILIAN LABOR FORCE ESTIMATES  
(as of December 2002)

| Year | Civilian Labor Force | Total Employment | Total Unemployment | Unemployment Rate |
|------|----------------------|------------------|--------------------|-------------------|
| 1993 | 157,200              | 146,900          | 10,300             | 6.5 %             |
| 1994 | 160,500              | 151,900          | 8,600              | 5.4               |
| 1995 | 162,280              | 155,400          | 6,880              | 4.2               |
| 1996 | 172,900              | 166,700          | 6,200              | 3.6               |
| 1997 | 173,900              | 167,900          | 6,100              | 3.5               |
| 1998 | 178,400              | 172,500          | 5,900              | 3.3               |
| 1999 | 185,200              | 179,200          | 6,000              | 3.2               |
| 2000 | 189,300              | 183,600          | 5,700              | 3.0               |
| 2001 | 198,900              | 192,400          | 6,400              | 3.2               |
| 2002 | 197,000              | 188,400          | 8,600              | 4.4               |

Source: Butler County Economic Development Department, Ohio Labor Market Information Estimates, Ohio Bureau of Employment Services, through October 1999.

(continued)

Distribution of Households  
By Income Bracket (2002)

|                                | Number         | Percent |
|--------------------------------|----------------|---------|
| Under \$15,000                 | 14,635         | 11.9 %  |
| 15,000-24,999                  | 13,239         | 10.8    |
| 25,000-49,999                  | 36,080         | 29.3    |
| 50,000-99,999                  | 43,227         | 35.1    |
| 100,000-149,999                | 11,633         | 9.4     |
| 150,000 or over                | 4,311          | 3.5     |
|                                | <u>123,125</u> |         |
| Total Number of Households     |                | 123,082 |
| Average Persons per Households |                | 2.61    |
| Total Number of Families       |                | 87,892  |

| Year | Average Employee<br>Income per Annum<br>(excluding federal<br>employees) | Per Capita<br>Personal Income<br>Per Annum |
|------|--|--|
| 1994 | \$26,615   | \$16,046                                   |
| 1995 | 27,640   | 16,578                                     |
| 1996 | 27,436   | 16,115                                     |
| 1997 | 28,770   | 18,051                                     |
| 1998 | 28,800   | 20,629                                     |
| 1999 | 28,800   | 21,144                                     |

Population Growth

| Year | Population |
|------|------------|
| 1970 | 226,207    |
| 1980 | 258,787    |
| 1990 | 291,479    |
| 2000 | 332,807    |
| 2001 | 337,143    |
| 2002 | 340,543    |

Retail Sales by Store Group (1999)

| Store Group      | Sales (000's)      |
|------------------|--------------------|
| Food             | \$576,452          |
| Restaurants/Bars | 351,098            |
| General Merchan  | 450,361            |
| Furniture/Applia | 106,314            |
| Automotive       | 899,729            |
| Total            | <u>\$2,383,954</u> |

Source: Butler County Economic Development Department

## Butler County, Ohio

## Property Value, Construction, and Bank Deposits

Last Ten Years

Table #18

| Tax Year | NEW CONSTRUCTION (1)         |                           |                           |                      | REAL PROPERTY ASSESSED VALUE (3) |                           |                |  |
|----------|------------------------------|---------------------------|---------------------------|----------------------|----------------------------------|---------------------------|----------------|--|
|          | Agricultural/<br>Residential | Commercial/<br>Industrial | Total New<br>Construction | Bank<br>Deposits (2) | Agricultural/<br>Residential     | Commercial/<br>Industrial | Tax<br>Exempt  |  |
| 1993     | \$ 78,296,020                | \$ 12,243,660             | \$ 90,539,680             | \$ 711,686,000       | \$ 2,190,141,230                 | \$ 739,101,020            | \$ 683,778,670 |  |
| 1994     | 83,458,740                   | 14,725,690                | 98,184,430                | 737,683,000          | 2,475,042,290                    | 801,384,450               | 683,778,670    |  |
| 1995     | 84,047,720                   | 14,725,700                | 98,773,420                | 800,556,000          | 2,576,733,360                    | 795,907,650               | 698,721,460    |  |
| 1996     | 91,862,030                   | 38,145,360                | 130,007,390               | 783,398,000          | 2,676,567,770                    | 871,429,550               | 617,545,170    |  |
| 1997     | 64,052,280                   | 60,034,910                | 124,087,190               | 815,435,000          | 2,999,305,390                    | 938,677,260               | 641,813,550    |  |
| 1998     | 86,138,060                   | 46,200,480                | 132,338,540               | 864,105,000          | 3,200,230,460                    | 999,234,450               | 705,273,370    |  |
| 1999     | 80,235,690                   | 55,866,050                | 136,101,740               | 913,169,000          | 3,629,217,240                    | 1,135,502,180             | 814,297,020    |  |
| 2000     | 111,540,820                  | 87,998,480                | 199,539,300               | 1,152,810,000        | 3,783,180,290                    | 1,206,848,680             | 829,429,110    |  |
| 2001     | 110,403,460                  | 62,014,040                | 172,417,500               | 1,136,994,000        | 3,922,893,560                    | 1,221,719,660             | 915,318,160    |  |
| 2002     | 102,534,640                  | 74,646,910                | 177,181,550               | 1,257,078,000        | 4,638,038,390                    | 1,405,199,000             | 978,772,510    |  |

(1) Includes all Butler County New Construction. Source: Butler County Auditor.

(2) Source for Bank Deposits: Department of Data Services, Federal Reserve Bank of Cleveland.

(3) Figures are 35% of real property value. Source: Butler County Auditor.

Butler County, Ohio

Fifteen Largest Employers

December 31, 2002

Table #19

|      | <u>Employer</u>                      | <u>Location</u> | <u>Nature of Business</u> | <u>Number of Employees</u> |
|------|--------------------------------------|-----------------|---------------------------|----------------------------|
| (1)  | Miami University                     | Oxford          | Education                 | 4,200                      |
| (2)  | AK Steel Corp.                       | Middletown      | Steel Manufacturing       | 4,072                      |
| (3)  | Cincinnati Financial Corp.           | Fairfield       | Financial                 | 2,861                      |
| (4)  | Butler County                        | Hamilton        | Governmental              | 2,500                      |
| (5)  | Fairfield City School District       | Fairfield       | Education                 | 1,740                      |
| (6)  | Lakota Local School District         | West Chester    | Education                 | 1,600                      |
| (7)  | Middletown Regional Hospital         | Middletown      | Medical Care              | 1,470                      |
| (8)  | Mercy Regional Hospital              | Fairfield       | Medical Care              | 1,407                      |
| (9)  | Ohio Casualty                        | Fairfield       | Insurance                 | 1,356                      |
| (10) | Ft. Hamilton Hughes Memorial Hospit  | Hamilton        | Medical Care              | 1,250                      |
| (11) | Hamilton City School District        | Hamilton        | Education                 | 1,250                      |
| (12) | CBS Personnel                        | Middletown      | Services                  | 1,107                      |
| (13) | Cornerstone Consolidated Svcs/Frontg | West Chester    | Distribution              | 1,000                      |
| (14) | Medco Health Solutions               | Fairfield       | Health Care               | 993                        |
| (15) | Middletown Board of Education        | Middletown      | Education                 | 986                        |

Source: Butler County Economic Development Department

## Salaries of Principal Officials

December 31, 2002

Table #20

| Office  | Salary     |
|---|------------|
| <b>Elected Officials:</b>   |            |
| Board of Commissioners  | \$ 59,565  |
| Board of Commissioners  | 67,363     |
| Board of Commissioners  | 67,363     |
| Auditor   | 71,962     |
| Clerk of Courts   | 65,513     |
| Coroner   | 101,255    |
| Engineer  | 86,819     |
| Prosecuting Attorney  | 101,255    |
| Recorder  | 57,112     |
| Sheriff   | 82,864     |
| Treasurer   | 59,748     |
| <b>Appointed Officials:</b>   |            |
| County Administrator, Board of County Commissioners                           | \$ 113,621 |
| Director - Butler County Department of Environmental Services                 | 105,519    |
| Butler County Human Services Director   | 86,241     |
| Butler County Care Facility Administrator                                     | 74,206     |
| Superintendent of Butler County Board of Mental Retardation                   | 98,999     |
| Executive Director of Butler County Community Mental Health Board             | 90,531     |
| Executive Director of Butler County Alcohol and Drug Addiction Services Board | 72,320     |
| Executive Director of Butler, County Childrens Service Board                  | 95,710     |
| Butler County Chief Dog Warden  | 50,094     |
| Director of Butler County Department of Development                           | 85,819     |

Source: Butler County Auditor

Butler County, Ohio

Miscellaneous Statistics

December 31, 2002

Table #21

|  |  |                                |                              |
|--|--|--------------------------------|------------------------------|
| <b>DATE OF INCORPORATION:</b>                      | 1803                                       | <b>WATER DEPARTMENT</b>        |                              |
|  | One of the original eight counties in Ohio | Miles of Water Mains:          | 608                          |
| <b>FORM OF GOVERNMENT:</b>                         | County                                     | <b>SEWERS</b>                  |                              |
| <b>COUNTY SEAT:</b>                                | City of Hamilton, Ohio                     | Miles of Sanitary Sewers:      |                              |
| <b>AREA:</b>                                       | 469 square miles                           | Sewers:                        | 709                          |
| <b>RANK IN SIZE:</b>                               | 3,215                                      | <b>RECREATION and CULTURE</b>  |                              |
| <b>NUMBER OF POLITICAL SUBDIVISIONS:</b>           | 56   | Number of Art Centers:         | 2                            |
| <b>NUMBER OF INTERSTATE HIGHWAYS:</b>              | 1 (I-75)                                   | Number of Parks:               | 20 (county)                  |
| <b>VOTER STATISTICS, ELECTION OF NOVEMBER 2002</b> |  | Number of Libraries:           | 6 (public)                   |
| Registered Voters:                                 | 215,796                                    |                                | 6 (Post Secondary Education) |
| Number of Voters, Last General Election:           | 89,568                                     | <b>BUTLER COUNTY EMPLOYEES</b> |                              |
| Percentage of Registered Voters Voting:            | 41.5%                                      |                                | 2,500                        |
|  |  | <b>HOSPITALS</b>               | 4                            |
|  |  | Beds:                          | 812                          |
|  |  | Active Licensed Physicians:    | 639                          |
|  |  | <b>EDUCATION (K-12)</b>        |                              |
|  |  | Number of Buildings:           | 80                           |
|  |  | Number of Teachers:            | 3,555                        |
|  |  | Number of Students:            | 52,187                       |

Source: Butler County Board of Elections, Butler County Engineer, Butler County Park Director, Butler County Sanitary Engineer, Butler County Board of Education, Butler County Auditor, and Butler County Hospitals.

Butler County, Ohio

Governmental Activities Expenses by Function

Last Year

Table # 22

| Year | General Government        |               |               |               |               |                |                             |                                      | Total Expenditures |
|------|---------------------------|---------------|---------------|---------------|---------------|----------------|-----------------------------|--------------------------------------|--------------------|
|      | Legislative and Executive | Judicial      | Public Safety | Public Works  | Health        | Human Services | Conservation and Recreation | Other Intergovernmental and Interest |                    |
| 2002 | \$ 24,241,162             | \$ 12,735,544 | \$ 34,599,025 | \$ 15,657,130 | \$ 47,395,622 | \$ 69,442,215  | \$ 520,722                  | \$ 4,905,164                         | \$ 209,496,584     |

Source: Butler County Auditor

Butler County, Ohio

Governmental Activities Revenues

Last Year

Table #23

|  |                       |
|--|-----------------------|
| <u>Program Revenues:</u>                     | <u>2002</u>           |
| PR - Charges for Services                    | \$ 27,540,280         |
| PR - Operating Grants and Contributions      | 83,874,604            |
| PR - Capital Grants and Contributions        | 24,079,550            |
| <u>General Revenues:</u>                     |                       |
| Taxes  | \$ 57,379,485         |
| Licenses and Permits                         | -                     |
| Fines and Forfeitures                        | -                     |
| Intergovernmental                            | 10,072,833            |
| Interest                                     | 4,726,714             |
| Net Increase (Decrease) in Fair Market Value | (241,646)             |
| Other Revenue                                | <u>\$ 1,061,413</u>   |
| Total Revenues:                              | <u>\$ 208,493,233</u> |

Source: Butler County Auditor





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

## **BUTLER COUNTY FINANCIAL CONDITION**

### **BUTLER COUNTY**

#### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 16, 2003**