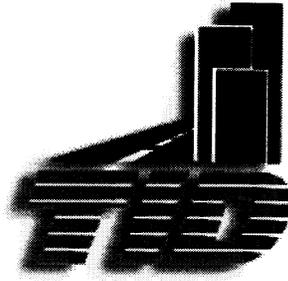


Transportation Improvement District of Butler County, Ohio

For the
Year
Ended
December 31, 2002

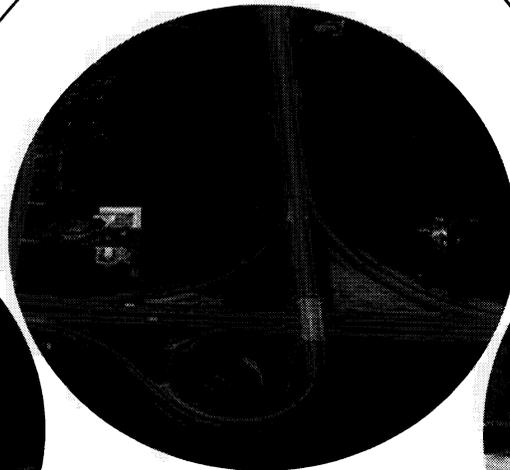
Comprehensive
Annual
Financial Report



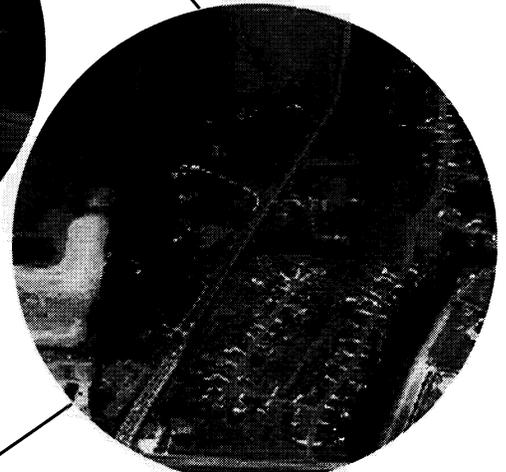
PRIORITIES



State Route Bypass 4 Widening/
Bobmeyer Road Extension



Liberty Interchange



State Route 747 Phase III

*Economic
Growth*



**Auditor of State
Betty Montgomery**

Board of Trustees
Transportation Improvement District of Butler County, Ohio
Hamilton, Ohio

We have reviewed the Independent Auditor's Report of the Transportation Improvement District of Butler County, Ohio, prepared by BKD LLP, for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 27, 2003

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*Transportation Improvement District
of Butler County, Ohio*



*Comprehensive Annual Financial Report
For the Year Ended December 31, 2002*

Prepared by: Sean Fraunfelter, CPA, Director of Finance and Administration

Transportation Improvement District of Butler County, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2002
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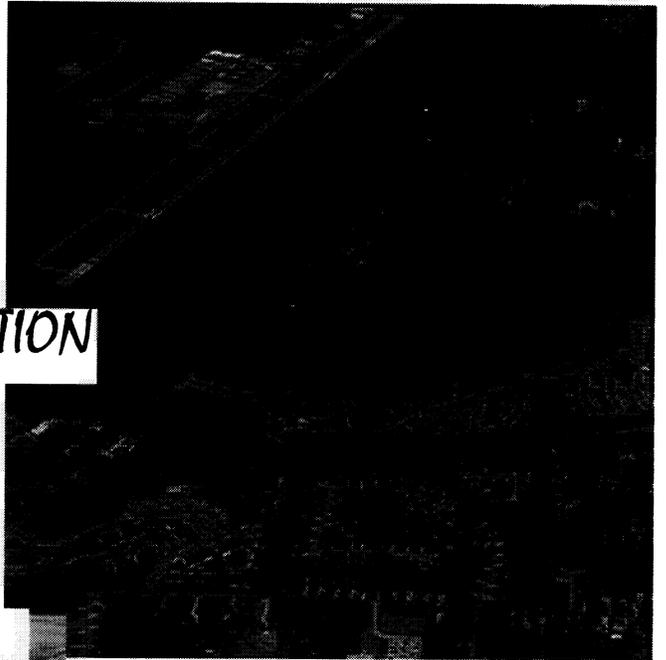
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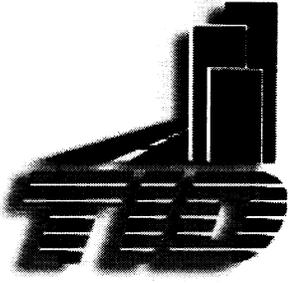
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BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

April 29, 2003

To the Citizens of Butler County and the Butler County Transportation Improvement District Board of Trustees:

We are pleased to present the Butler County Transportation Improvement District (TID) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2002. This report contains basic financial statements and other financial and statistical information — providing complete and full disclosure of all financial aspects of the TID for 2002.

Responsibility for the accuracy, completeness and fairness of this report rests with the TID and the Finance Department, in particular. This report was prepared in conformance with accounting principles generally accepted in the United States of America set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources, and it is representative of the TID's commitment to provide complete financial information to the citizens of Butler County.

The CAFR is divided into three sections:

1. *The Introductory Section* contains a letter of transmittal, our GFOA Certificate of Achievement for 2001 and organizational charts for the TID staff and Board of Trustees.
2. *The Financial Section* contains the independent accountants' report; management's discussion and analysis; basic financial statements; notes to the basic financial statements, and the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. *The Statistical Section* includes selective financial, economic, and demographic information about the TID and Butler County, which may be used to extrapolate trends in comparison to other fiscal years.

FORM OF GOVERNMENT AND REPORTING ENTITY

The Butler County TID was created on June 30, 1993, under the auspices of House Bill 154 and Ohio Revised Code Section 5540.02. On December 7, 1993, the Butler County Commissioners authorized the creation of the TID by resolution 93-12-2209. This resolution brought the TID together as an organized entity on January 31, 1994. The TID includes all of the territory within the following political subdivisions of Butler County: the City of Hamilton, the City of Fairfield, Fairfield Township, West Chester Township and Liberty Township.

The TID is a jointly governed organization — both corporate and politic — given the powers to finance, construct, maintain, repair, and operate transportation systems. The TID is governed by a Board of Trustees which acts as the authoritative and legislative body. The Board of Trustees currently is comprised of eighteen members, of which thirteen are voting and five are non voting. Of the eighteen, three are elected as officers of the TID: the Chair, Vice-Chair and Secretary-Treasurer. Each officer serves a one-year term. TID Board members are appointed by the following member governments: Butler County, the City of Hamilton, the City of Fairfield, Fairfield Township, Liberty Township, West Chester Township, the State of Ohio, and the Ohio-Kentucky-Indiana Regional Council of Governments. The Butler County Engineer is designated by law as a member.

The Board of Trustees annually appoints the Chair of the Board from the existing Board members. The Chair is charged with the responsibility of presiding at all Board meetings and acting as chief legislative officer of the TID. An Executive Director of the TID, also appointed by the Board of Trustees, is charged with the responsibility of serving as chief executive officer of the TID as prescribed by the Board of Trustees.

This report presents the financial activity of the District in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources, and is consistent with the new reporting model as promulgated by GASB Statement No. 34.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent accountants.

MAJOR INITIATIVES

Princeton Road @ State Route 4 Bypass

The Princeton Road at State Route 4 Bypass project was initiated by Fairfield Township to improve infrastructure to service this developing area. Even before construction was started on the project, a Home Depot was built and construction of a Wal-Mart was underway. The Township undertook the improvement to accommodate the traffic generated by the new development and thereby eliminate traffic congestion.



Phase I

The construction on this phase started in early October 2001 with Don S. Cisle performing the work. The project consisted of widening Princeton Road and Bypass State Route 4 including installing a new signal at the Winford Drive intersection and revising the signalization at State Route 4 Bypass to meet Ohio Department of Transportation guidelines.

Phase II

The Township approached the TID about extending the project to the eastern side of the intersection on Princeton Road and providing turn lane movements to the east from Bypass State Route 4. The project was completed during the last week of September with a final walk through. The widening of the eastern side of Princeton Road caused traffic to be routed around the construction site for almost fourteen weeks. With an updated webpage and timely press releases sent out by the County Engineer's Office, the public was kept abreast of the situation and adapted well.

Phase II was started and finished during 2002 with a small portion of the Phase I costs rolling over into this year. For the year, the TID expended \$1,151,664 for the project. With both phases being completed, \$2,262,059 was the cost associated with the entire intersection improvement.

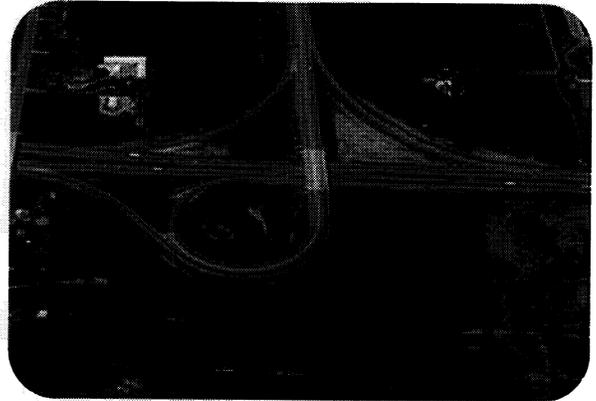
The TID looks toward the future (Economic Condition and Outlook)

With much of our original list of projects being completed, the Board concluded that we needed to revisit our mission. During a July visioning process, the Board decided that we needed to determine where we wanted to go and to make sure the TID continued to exist as an effective implementation tool for the surrounding and participating governments. During the August Board meeting, Board Member Faxon made a motion to officially designate the TID's top projects: Liberty Interchange, State Route 747 Widening Phase III and State Route Bypass 4 Widening. The connection to the Butler County Airport was subsequently added to the Bypass 4 project by formal Board action. The Board made it known that although we have described our top projects, other projects could be moved into the forefront on an as needed basis.

Priority Projects: Liberty Interchange

Liberty Township has experienced substantial economic development from the Michael A. Fox Highway at Cincinnati-Dayton Road and would like to capitalize on that success by utilizing over three hundred acres of prime development on the eastern end of the Michael A. Fox Highway. The Township approached the TID in 2001 to manage a feasibility study for changing the Michael A. Fox Highway into a full interchange at Interstate 75. The Township and Butler County would like to extend Cox Road from Hamilton-Mason, where it currently ends, north through the Township as a parallel connector to Interstate 75. The ultimate destination point remains under study. The Fox Highway would then extend east to this Cox Road extension and possibly further east depending on the desires of Warren County and other local governments affected.

The TID and Liberty Township are working on two studies at the proposed interchange. The first is a feasibility analysis leading to an interchange modification study. A prerequisite for advancing this proposal is inclusion in the Ohio-Kentucky-Indiana Regional Council of Governments (OKI) Long Range Transportation Plan. OKI has a consulting firm evaluating the Interstate 75 corridor from Cincinnati to Dayton and our proposed interchange could have been included in that process. The corridor study was not expected to be completed until the middle of 2003; therefore, possibly pushing back the TID's plan for the interchange. The TID staff worked very hard to get OKI



to evaluate the interchange on its own merits. A vote was taken on November 14, 2002 resulting in favor of placing the interchange on the long range plan and also on the OKI Transportation Improvement Program. The project being part of these two plans is a key element for Federal Highway Administration approval.

The environmental study started in December 2002. Typically, the environmental analysis does not occur until a project's alignment is proposed, reducing the amount of environmental testing involved. With a project of this size, the environmental analysis could take over a year to complete. The Ohio Department of Transportation (ODOT) was very understanding of the TID and Township's need to expedite the project development process. With the understanding that we would have to expand our scope of testing, ODOT allowed both the interchange modification study and environmental analysis to occur concurrently, possibly reducing the timeline for completion by one year.

State Route 747 Phase III Widening



The State Route 747 widening was initially included in the package of infrastructure improvements that accompanied the Michael A. Fox Highway's development.

The TID completed the first phase of the widening project from south of Union Centre Boulevard to south of Smith Road in October 2000. The TID obtained federal funding through OKI for the second phase, extending the improvement to Tylersville Road. The Butler County Engineer's Office is now administering the project, the second phase is scheduled for construction in 2004.

The TID applied through OKI for funding phase three of the project, which continues from Tylersville Road to the Michael A. Fox Highway. The TID hoped for success in getting this funding, which would enable us to start the project in 2005 and have four through lanes from the Fox Highway to the Tri-County area. OKI will announce the project selection results in early 2003.

Bypass State Route 4 Widening/Airport Access



Anyone associated with the TID for an extended time has been asked this question: "When are you going to widen the Bypass?" As development has occurred over the past several years, Bypass State Route 4 (the "Bypass") has become more and more congested. People are even opting for taking State Route 4 through Fairfield and Hamilton instead of the Bypass. The TID formed a workgroup this year to address the widening of the Bypass. Agreements are being formed for the engineering and environmental work for the widening project. During this part of the project development process, the entire Bypass must be examined and included.

Similar to State Route 747 Phase III, the TID submitted separate applications to OKI for two phases of the Bypass widening project. The first phase runs from Symmes Road to Tylersville Road. The project is just over two miles and would create four lanes with proper storage lanes at the two intersections. For better airport access, the TID is anticipating being able to tie in the extension of Bobmeyer Road with this project. The County and City of Hamilton see the Butler County Airport as the crown jewel for economic development in the County. Officials would eventually like to see our airport being utilized in a manner similar to Lunken Airport in Hamilton County. The extension of Bobmeyer Road, with access to the Bypass, would open hundreds of acres for commercial development in the area and enable Hamilton's enterprise park to continue its expansion.

The second phase of the Bypass widening project would create four lanes from Tylersville (end of Phase I) to north of the Michael A. Fox Highway. The TID intentions are to tie in with the improvements that Fairfield Township had constructed through the TID (discussed earlier) at the Princeton Road intersection.

Other Project Areas

At the October Board meeting, the Director was authorized to enter into an agreement with LJB, Inc. for engineering services on State Route 747 Phase IIIa - the Princeton Road/747 intersection improvements. This project was given to the TID to speed up the improvement process. Liberty Township created a Tax Increment Financing District in that area earlier this year and developers are ready to start their projects. The southwest and northeast corners have been rezoned and development plans are underway. The TID met with these businesses and discussed the improvements, the construction process, and financial commitments involved. LJB, Inc. started the work in November and should have stage one engineering completed shortly.

Although the TID staff has spent most of their time and efforts concentrating on the priority projects, we understand that the TID will not continue to be a vehicle for infrastructure improvements if we don't look at other areas. A workgroup was formed to examine the northern portion of State Route Bypass 4 area. The group consists of the Cities of Hamilton and Fairfield, Fairfield and St. Clair Townships, Village of New Miami, and Butler County officials representing the airport and economic development department. The purpose of the workgroup is to examine this large area and enable all the communities involved to work with a common purpose and use cohesive infrastructure plans.

Another area that the TID is looking into is called the "Fairfield-Hamilton Area Priority Transportation Improvements." The Board authorized Balke Engineers to perform preliminary studies in Fairfield and southern part of Hamilton. Potential extension of Nilles Road to Symmes Road and potential site for another Great Miami River crossing connecting to State Route 128 are among issues that will be considered. The TID wishes to assess the potential of this area in terms of physical constraints to economic development and redevelopment.

FACTORS AFFECTING FINANCIAL CONDITION

The TID operates from four financial sources: a state bi-annual operating grant, interest revenue, local government contributions and a three percent administration charge on construction projects the TID manages. The TID Board and Butler County Commission have been reviewing alternative funding sources and will continue to do so. For additional information on the financial condition of the TID, please review the Management Discussion and Analysis starting on page 3 of the report.

CASH MANAGEMENT

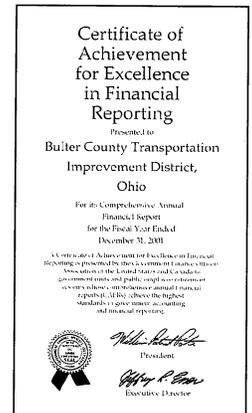
Cash temporarily idle during the year was invested in obligations of the U.S. Treasury, commercial paper, and repurchase agreements. The maturities range from from thirty days to three years, with an average maturity of one year. The average yield on investments was 1.70 percent for the government with the money management account averaging 2.35 percent for the year. Overall, the higher than average interest rate for the investments relates to the need for more liquid cash as construction projects progress.

RISK MANAGEMENT

The TID maintains control over insurance through the Selective Insurance Company. The TID has had no settlements that exceeded the insurance coverage for the past seven years. The TID maintains workers' compensation coverage by paying premiums to the State Bureau of Workers' Compensation. The TID has not incurred a claim in seven years.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the TID for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2001. This was the seventh consecutive year that the TID has received this award for excellence and the second year reporting under the guidelines of GASB Statement No. 34. In order to be awarded a Certificate of Achievement, the TID published a clear and effective CAFR.



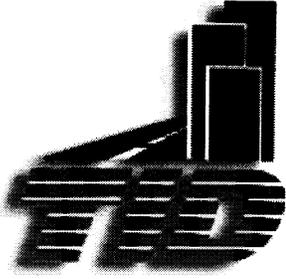
The TID staff works to develop a level of professionalism and sound financial reporting. The preparation and publication of this CAFR serves as a cornerstone for the TID's efforts. The report demonstrates a level of accountability that we continue to maintain. We hope this report increases public confidence in the operation and management of the TID. The report also provides a fair presentation of the financial condition of the TID as of and for the year ended December 31, 2002.

Respectfully submitted,

Sean Fraunfelner, CPA
Finance Director

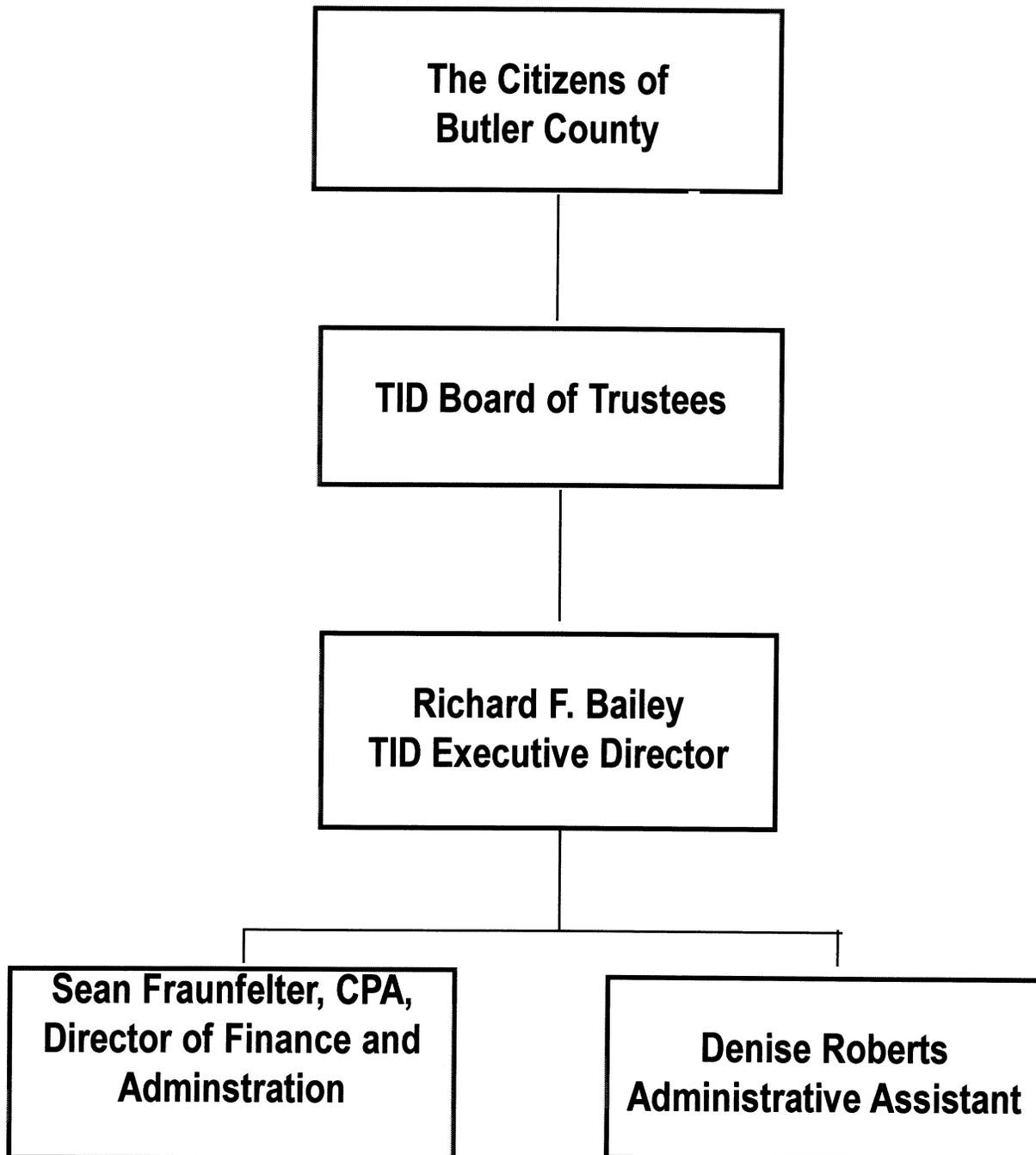
Richard F. Bailey
Executive Director

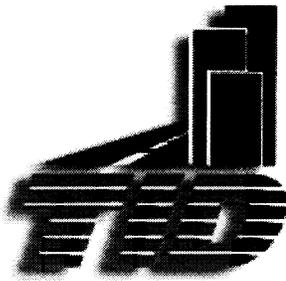
David Gully
Secretary/Treasurer - TID Board of Trustees



**BUTLER COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

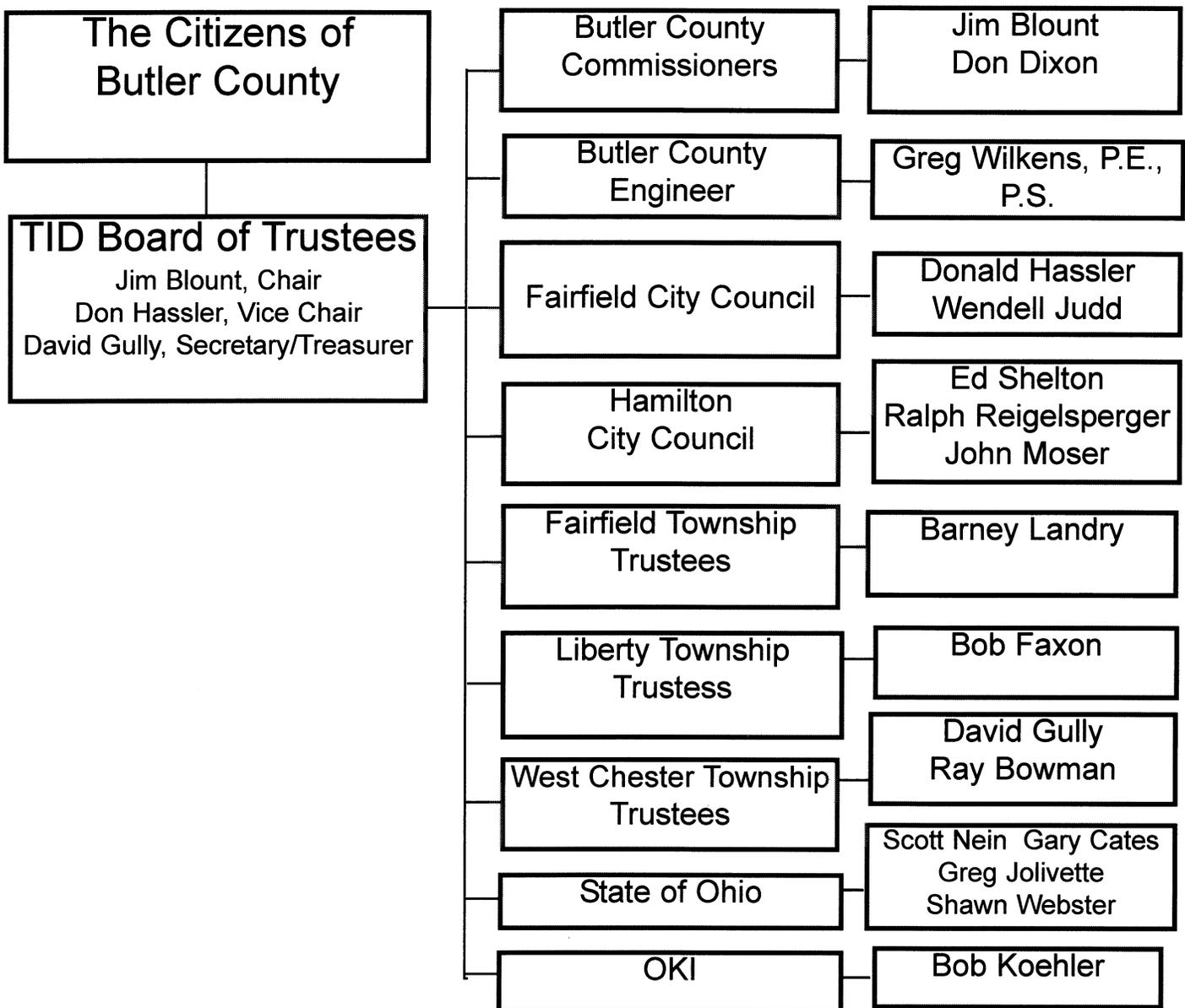
Staff Organizational Chart





**BUTLER COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

**2002 Board of Trustees
Organizational Chart**





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Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees
Transportation Improvement District of Butler County, Ohio
Hamilton, Ohio

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio as of December 31, 2002, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

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

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

BKD, LLP

April 9, 2003

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2002

Our discussion and analysis of the Butler County Transportation Improvement District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2002. Please review it in conjunction with the transmittal letter and District's basic financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- Total net assets decreased \$12.7 million which represents a 17.9 percent decrease from 2001 accredited to the District dedicating \$14.8 million of infrastructure assets to the participating governments within the District structure which is recorded as a special item on the financial statements.
- General Revenues, excluding special items, accounted for \$1.5 million in revenues or 15.6 percent of all revenues. Program specific revenues in the form of charges for services and capital grants accounted for \$8.2 million or 84.4 percent of all revenues.
- The District expended \$2.2 million on infrastructure during the current year.
- The District had \$7.7 million in expenses related to governmental activities with \$8.2 million in program revenues to cover the cost of those programs. The excess revenues were used to pay for the construction expenditures recognized at the end of fiscal year 2001.
- Among the major funds, the Michael A. Fox Highway and Princeton Road at State Route Bypass 4 funds had revenues of \$13 million and \$1.9 million, respectively. Princeton Road at State Route Bypass 4 was completed in the fall of 2002. The Michael A. Fox Highway continued to receive lease payments for annual debt service payments.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11-12) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 14. These statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant funds.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 7. The fund financial statements begin on page 14 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. However, the Board of Trustees establishes many other funds to help control and manage money for particular purposes (ex. various capital projects funds). The District only has governmental funds.

Major Funds

- General
- Debt Service
- Michael A. Fox Highway
- Princeton Road at State Route Bypass 4

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

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements can be found on pages 18-33 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules which can be found on pages 35-57 of this report.

THE DISTRICT AS A WHOLE

The District's total net assets changed from a year ago, decreasing from \$71.1 million to \$58.4 million. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental activities.

Table 1
Net Assets (in millions)

	2001	2002		2001	2002	
Current and other assets	\$ 25.6	\$ 26.0	Net assets:			
Long term receivables	128.0	122.2		Invested in capital assets,		
Capital assets	54.7	42.1		net of related debt	\$ 54.6	\$ 42.1
Total Assets	208.3	190.3		Restricted	14.7	14.3
Long-term obligations	(133.5)	(128.0)	Unrestricted	1.8	2.0	
Other liabilities	(3.7)	(3.9)	Total net assets	\$ 71.1	\$ 58.4	
Total Liabilities	(137.2)	(131.9)				

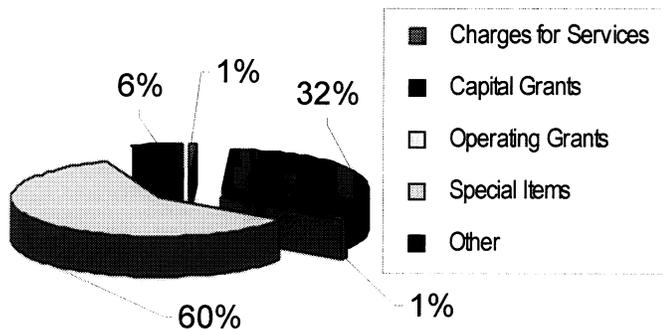
Net assets of the District's activities decreased 17.9 percent or \$12.7 million. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased from \$1.8 million to \$2.0 million at the end of 2002. The increase can be attributed to having fewer outstanding reimbursements with the participating entities.

Table 2 compares the 2002 change in net assets to the 2001 change in net assets.

Table 2
Changes in Net Assets for 2002
Compared with 2001 activity
(in millions)

	2001	2002	Change
Program Revenues:			
Charges for Services	\$ 0.4	\$ 0.2	\$ (0.2)
Capital Grants	15.0	8.0	(7.0)
General Revenues:			
Operating Grants	0.3	0.3	-
Other	1.3	1.3	0.0
Total Revenues	<u>\$ 17.0</u>	<u>\$ 9.8</u>	<u>\$ (7.2)</u>
Program Expenses			
General Government	3.0	0.3	(2.7)
Fiscal Charges	0.0	0.5	0.5
Interest of Long-Term Debt	7.1	6.9	(0.2)
Total Expenses	<u>10.1</u>	<u>7.7</u>	<u>(2.4)</u>
Excess Before Special Items	<u>6.9</u>	<u>2.1</u>	<u>(4.8)</u>
Special Items	-	(14.8)	(14.8)
Change in Net Assets	<u>6.9</u>	<u>(12.7)</u>	<u>(19.6)</u>
Ending Net Assets	<u>\$ 71.1</u>	<u>\$ 58.4</u>	<u>\$ (12.7)</u>

2002 Governmental Activities Revenues



2002 Governmental Activities Expenses

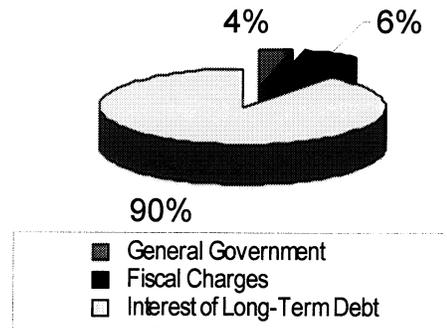


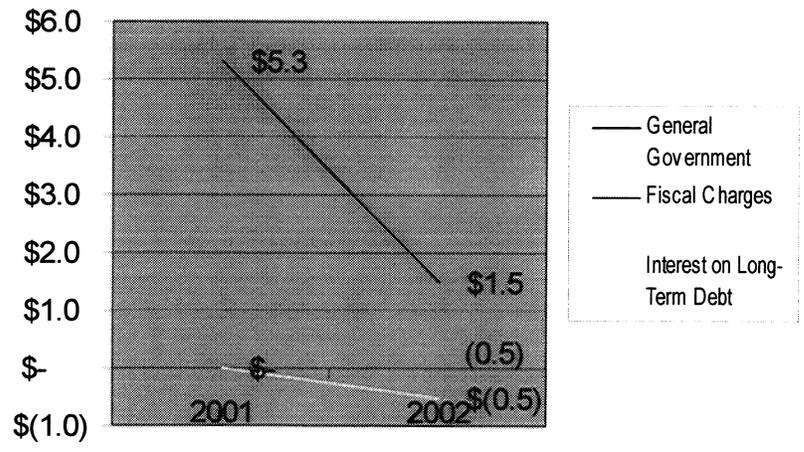
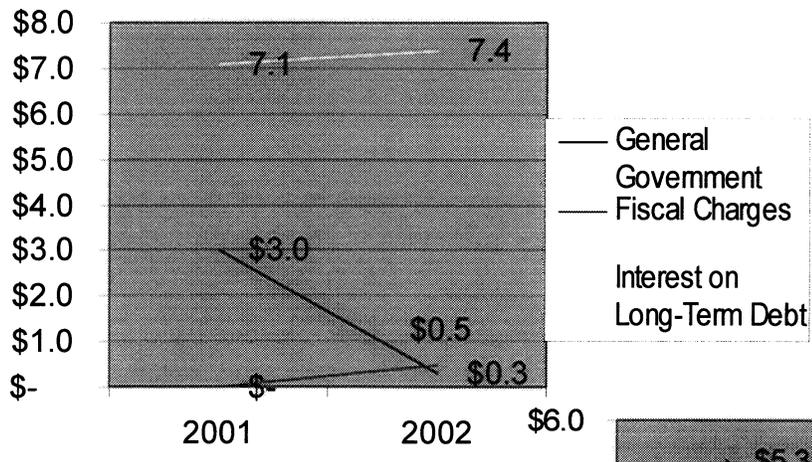
Table 3 presents the cost of each of the District's programs as well as each program's net cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the District by each of these functions.

Table 3
Governmental Activities
(in millions)

	Total Cost of Services		Net Cost of Services	
	2001	2002	2001	2002
General Government	\$ 3.0	\$ 0.3	\$ 5.3	\$ 1.5
Fiscal Charges	0.0	0.5	0.0	(0.5)
Interest on Long-Term Debt	7.1	6.9	-	(0.5)
Total Expenses	\$ 10.1	\$ 7.7	\$ 5.3	\$ 0.5

The decrease in general government from 2001 to 2002 for \$2.7 million can be attributed to less activity on the construction aspect of the District. With the initial axis of projects being completed, the District, through a visioning process, worked on developing new clusters of project development through various studies currently progressing.

The graphs below depict the change in cost of services for the program expenses from 2001 to 2002 and also show the net cost of services for those expenses in the two years.



THE DISTRICT'S FUNDS

Table 4 presents the fund balances of the individual major funds and total nonmajor funds and an analysis of significant changes in the fund balances.

Table 4
Changes in Year End Fund Balance
in (Millions)

	<u>2001</u>	<u>2002</u>	<u>% Change</u>
General	\$ 3.9	\$ 6.4	64.1%
Debt Service	0.1	(0.4)	-500.0%
Michael A. Fox Highway	13.8	13.1	-5.1%
Princeton Road at State Route Bypass 4	(0.3)	(0.1)	-66.7%
Nonmajor Funds	<u>1.4</u>	<u>0.6</u>	<u>-57.1%</u>
Total Governmental Balances	<u>\$ 18.9</u>	<u>\$ 19.6</u>	<u>3.7%</u>

The 64.1% increase in the **General Fund** can be credited to the District receiving the full effect of alleviated costs linked with moving the offices into the shared county facility during 2001. The District also collected a larger administration fee than anticipated with the additional phase on Princeton Road at State Route Bypass 4 widening and the Liberty Interchange projects. The fund was also reimbursed from several capital projects for *start up* monies as the project funds were closed.

The 5.1% decrease in the **Michael A. Fox Highway Fund** is attributed to using some of the cash reserves to reduce the annual debt service payment. The decrease is reflected in the cash held through the bond trustee.

The large percentage decrease is attributed to the District recording the accrued liability for rebateable amounts on the special obligation bonds in the **Debt Service Fund** that were paid in January 2003.

The 57.1% decrease in the **Nonmajor Funds** can be attributed to several of the projects that were classified as major funds for 2001 that their completion and lack of activity caused to become nonmajor funds this year. Of these funds, the Muhlhauser Road fund saw the most activity as the District is responsible for a portion of the current road widening project through previously issued special assessment monies.

Table 5 presents a summary of governmental fund revenues for the 2002 fiscal year and the amounts and percentages of increases and decreases in relation to the prior year.

Table 5
Total Governmental Fund Revenues

Revenue Source	2002 Amount	Percent of Total	Increase (Decrease) Over 2001	Percent Increase (Decrease)
Intergovernmental	\$ 14,682,529	91.0%	\$ (5,110,582)	-25.8%
Charges for Services	50,369	0.3%	(35,833)	-41.6%
Investment Earnings	947,606	5.9%	(254,049)	-21.1%
Change in Fair Value	20,580	0.1%	(3,329)	-13.9%
Other	429,320	2.7%	175,517	69.2%
Total	\$ 16,130,404	100.0%	\$ (5,228,276)	-24.5%

The 25.8% decrease in **intergovernmental revenues** and 41.6% decrease in **charges for services** can be related to the District only having one active project and two studies during the 2002 year compared with three active projects for 2001. All the District's projects are funded through local government participation contracts. With less project activity in 2002, the District received less revenues.

The 21.1% decrease in **investment earnings** is attributed the Federal Reserve reducing interest rates to a historically low level causing the District's overall return on investment to be reduced by almost three percent between the two years.

The 69.2% increase in **other revenues** is attributed to the refund of several prior expenditures that are classified as miscellaneous receipts.

Table 6 presents the General Fund budget and the difference between the original budget and final budget for fiscal year 2002. Table 7 discusses the variance between the final budget and the actual results for the fiscal year.

Table 6
Original and Final Budget - General Fund

	Original	Final	Variance
Revenues:			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Charges for Services	-	52,000	52,000
Investment Earnings	12,000	145,000	133,000
All Other	-	200	200
Expenditures:			
Current:			
General Government	369,404	440,020	70,616
Capital Outlay	2,841,631	-	(2,841,631)
Other Financing Sources (Uses):			
Transfers In	-	2,570,274	2,570,274
Transfers Out	-	(1,467,856)	(1,467,856)

Table 7
Final Budget versus Actual Results
General Fund

	Final Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Charges for Services	52,000	68,051	16,051
Investment Earnings	145,000	139,030	(5,970)
Change in Fair Value of Investments	-	20,580	20,580
All Other	200	16,482	16,282
Expenditures:			
Current:			
Total General Government	440,020	396,424	43,596
Other Financing Sources (Uses):			
Transfers In	2,570,274	2,570,274	-
Transfers Out	(1,467,856)	(151,380)	1,316,476

Original versus Final Budget

The large variance between original and final budgeted amounts for **Investment Earnings** relates to the District not knowing the Federal Reserve policy relating to interest rates and the availability of cash and cash equivalents that could be invested.

The difference in **General Government** can be attributed to the additional cost savings that the District encountered with moving into shared county offices. The District was not aware of all the costs associated with the move when the original budget was prepared.

The large variance in **Capital Outlay** is attributed to the District budgeting the contingency payment to the Ohio Department of Transportation (ODOT) in fiscal year 2002 but the monies were not paid as of December 31, 2002 and are recorded as a liability on the statement on net assets.

The difference in **Transfers In/Transfer Out** can be attributed to the capital projects funds repaying initial monies after the District had received reimbursement by the participating governments. The original budget did not anticipate these projects being completed during 2002.

Final Budget versus Actual Results

The variance in **General Government** is attributed to the District closely evaluating operating expenses and reducing many of the extraneous costs during the 2002 year.

The variance in **Transfers Out** is attributed to only transferring monies into one fund as part of the year end closing procedures whereas several funds were anticipated to need the monies at year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District had \$42.1 million invested in construction in progress assets. This amount represents a net decrease (including additions and deletions) of \$14.5 million, or 26.5%, over the last year. The \$2.2 million of additions can be charged to the local governments continued use of the District's ability to process and complete road improvement and construction projects in an efficient manner. The larger decrease is recognized for the District filing dedication plats for the State Route 747 Phase I and Muhlhauser Road projects. Once a project is dedicated to the participating government it is removed for the District's records.

Debt Administration

At year-end, the District had \$128 million in outstanding special obligation bonds payable versus \$133.6 million last year, a decrease of 4.2%. The fiscal year 2002 interest rate was 4.75% with the interest rate graduating to 6.0% in the year of maturity in 2017. For a breakdown of the interest payment schedule, refer to Note 10 of the the basic financial statements.

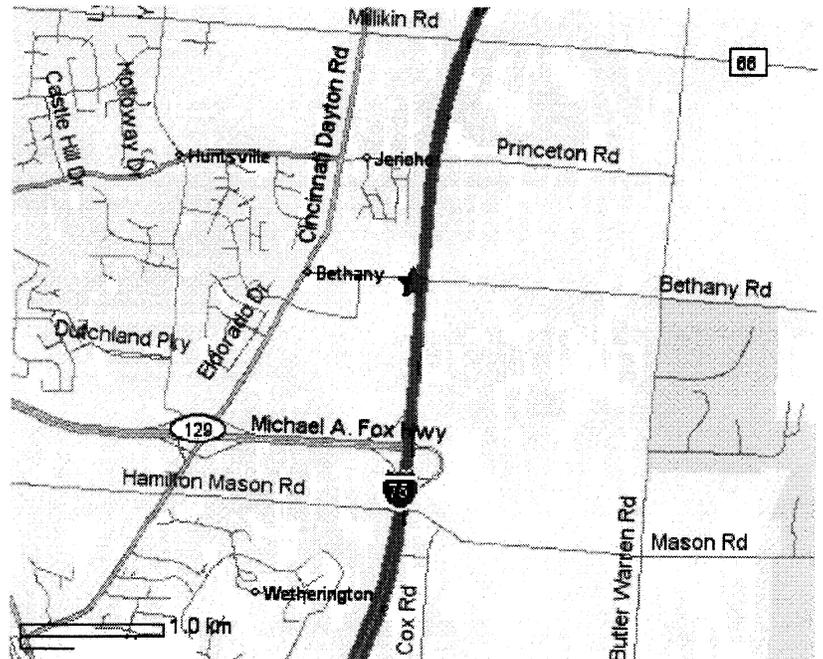
ECONOMIC FACTORS

The District has operated solely in Southeastern Butler County since its 1994 formation. The District is currently looking at opportunities for expanding north of Hamilton, west to the Trenton/Oxford part of the County with a current study looking at alternatives around the City of Hamilton. The District is also working on a justification study for the extension of the Michael A. Fox Highway eastward into Liberty Township with Cox Road being a parallel connector running with Interstate 75 from the Michael A. Fox Highway to north of Princeton Road.

It is important that the District is able to succeed in the development of these projects not only for Butler County and its residents, but also for the longevity of the District. The District has no continued revenue source except an administration fee charged on the various projects that it conducts. With additional construction projects to better the transportation quality in Butler County, the District will be able to survive and continue to provide the residents of Butler County with an easier way to get from one place to the next.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 315 S. High Street, Hamilton, Ohio 45011



Sean Fraunfelter, CPA
Director of Finance and Administration

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

STATEMENT OF NET ASSETS DECEMBER 31, 2002

Assets:

Current Assets:

Cash and Cash Equivalents	\$	4,210,314
Investments		1,027,237
Restricted Cash and Cash Equivalents		607,772
Restricted Cash with Fiscal Agent		606,475
Restricted Investments		13,708,888
Accounts Receivable (net)		17,189
Intergovernmental Receivables		21,463
Current Portion of Long-Term Receivable		5,810,000
<i>Total Current Assets</i>		26,009,338

Noncurrent Assets:

Long-Term Receivable		122,230,000
Capital Assets - Construction in Progress		42,089,576
<i>Total Noncurrent Assets</i>		164,319,576
Total Assets		190,328,914

Liabilities:

Current Liabilities:

Accounts Payable		31,603
Contracts Payable		12,544
Accrued Wages and Benefits		7,369
Intergovernmental Payable		1,979
Accrued Interest Payable		1,702,219
Accrued Liabilities		2,091,877
Current Portion of Long-Term Debt		5,810,000
<i>Total Current Liabilities</i>		9,657,591

Noncurrent Liabilities:

Accrued Liabilities		51,549
Special Obligation Bonds Payable		122,230,000
Total Liabilities		131,939,140

Net Assets:

Invested in Capital Assets, Net of Related Debt		42,089,576
Restricted for:		
Capital Improvements		609,617
Debt Service		13,708,888
Unrestricted		1,981,693
Total Net Assets		\$ 58,389,774

See accompanying notes to the financial statements

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Functions/Programs	Expenses	Program Revenues		Net Revenue and Change in Net Assets Primary Government Governmental Activities
		Charges for Services	Capital Grants and Contributions	
Primary Government:				
Governmental Activities:				
General Government	\$ 256,596	\$ 185,882	\$ 1,598,492	\$ 1,527,778
Fiscal Charges	515,492	-	-	(515,492)
Interest on Long-Term Debt	6,893,265	-	6,405,255	(488,010)
Total Primary Government	\$ 7,665,353	\$ 185,882	\$ 8,003,747	524,276
General Revenues:				
Grants and Contributions not Restricted to Specific Programs				250,000
Unrestricted Investment Earnings				947,606
Change in Fair Value of Investments				20,580
Miscellaneous				298,606
Special Item				(14,766,377)
Total General Revenues and Special Item				(13,249,585)
Change in Net Assets				(12,725,309)
Net Assets - Beginning				71,115,083
Net Assets - Ending				\$ 58,389,774

See accompanying notes to the financial statements

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TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2002**

	<u>General</u>	<u>Debt Service</u>	<u>Michael A. Fox Highway</u>	<u>Princeton Road at State Route Bypass 4</u>
Assets:				
Cash and Cash Equivalents	\$ 4,205,469	\$ -	\$ -	\$ -
Investments	1,027,237	-	-	-
Receivables:				
Accounts, net	7,766	5,000	-	-
Intergovernmental	376	-	-	-
Interfund Loan	1,137,495	-	-	-
Lease	-	128,040,000	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	-	-	-
Cash with Fiscal Agent	-	46,042	560,433	-
Investments	-	-	13,708,888	-
Total Assets	<u>\$ 6,378,343</u>	<u>\$ 128,091,042</u>	<u>\$ 14,269,321</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Payable:				
Accounts	\$ 15,637	\$ -	\$ -	\$ -
Contracts	-	-	-	-
Accrued Wages and Benefits	7,369	-	-	-
Intergovernmental	1,979	-	-	-
Accrued Liability	-	463,943	-	-
Interfund Loan	-	-	1,134,348	3,147
Deferred Revenue	376	128,040,000	-	-
Total Liabilities	<u>25,361</u>	<u>128,503,943</u>	<u>1,134,348</u>	<u>3,147</u>
Fund Balances:				
Reserved for:				
Encumbrances	286	-	-	-
Debt Service	-	-	13,708,888	-
Unreserved, reported in:				
General	6,352,696	-	-	-
Debt Service (Deficit)	-	(412,901)	-	-
Capital Projects (Deficit)	-	-	(573,915)	(3,147)
Total Fund Balances (Deficit)	<u>6,352,982</u>	<u>(412,901)</u>	<u>13,134,973</u>	<u>(3,147)</u>
Total Liabilities and Fund Balances	<u>\$ 6,378,343</u>	<u>\$ 128,091,042</u>	<u>\$ 14,269,321</u>	<u>\$ -</u>

See accompanying notes to the financial statements

**Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2002**

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
		Total Governmental Fund Balances	\$ 19,656,014
		<i>Amounts reported in governmental activities in the statement of net assets are different because:</i>	
\$ 4,845	\$ 4,210,314	Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	42,089,576
-	1,027,237		
4,423	17,189		
21,087	21,463	Some expenses 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.	25,886
-	1,137,495		
-	128,040,000	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	128,040,000
607,772	607,772		
-	606,475		
-	13,708,888		
<u>\$ 638,127</u>	<u>\$ 149,376,833</u>	Accrued interest on long-term bonds is not accounted for under modified accrual and therefore is not reported in the funds.	(1,702,219)
\$ 15,966	\$ 31,603	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(129,719,483)
12,544	12,544		
-	7,369		
-	1,979		
-	463,943		
-	1,137,495		
25,510	128,065,886	<i>Net Assets of Governmental Activities</i>	<u>\$ 58,389,774</u>
<u>54,020</u>	<u>129,720,819</u>		
53,869	54,155		
-	13,708,888		
-	6,352,696		
-	(412,901)		
530,238	(46,824)		
<u>584,107</u>	<u>19,656,014</u>		
<u>\$ 638,127</u>	<u>\$ 149,376,833</u>		

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2002

	General	Debt Service	Michael A. Fox Highway	Princeton Road at State Route Bypass 4
Revenues:				
Intergovernmental	\$ 250,000	\$ -	\$ 11,935,255	\$ 1,798,900
Charges for Services	50,369	-	-	-
Investment Earnings	68,882	588	878,136	-
Change in Fair Value of Investments	20,580	-	-	-
All Other	24,095	93,221	181,289	70,691
Total Revenues	413,926	93,809	12,994,680	1,869,591
Expenditures:				
Current:				
General Government	406,635	-	-	-
Capital Outlay	-	-	16,418	1,131,914
Debt Service:				
Principal	-	5,530,000	-	-
Fiscal Charges	-	463,943	-	-
Interest	-	6,947,125	-	-
Total Expenditures	406,635	12,941,068	16,418	1,131,914
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,291	(12,847,259)	12,978,262	737,677
Other Financing Sources (Uses):				
Transfers In	2,570,274	12,373,939	2,500	-
Transfers Out	(166,656)	(2,500)	(13,636,027)	(460,448)
Total Other Financing Sources (Uses)	2,403,618	12,371,439	(13,633,527)	(460,448)
Net Change in Fund Balances	2,410,909	(475,820)	(655,265)	277,229
Fund Balances (Deficit) - beginning	3,942,073	62,919	13,790,238	(280,376)
Fund Balances (Deficit) - ending	\$ 6,352,982	\$ (412,901)	\$ 13,134,973	\$ (3,147)

See accompanying notes to the financial statements

**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**

Other Governmental Funds	Total Governmental Funds		
		Net Change in Governmental Fund Balances	\$ 728,975
\$ 698,374	\$ 14,682,529	Amounts reported for the governmental activities in the statement of activities are different because:	
-	50,369	Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated to the projects as construction in progress.	2,203,765
-	947,606		
-	20,580	The statement of activities reflects removal of construction in progress as a special item; however, the governmental funds do not recognize the extinguishment of those assets.	(14,766,377)
60,024	429,320	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(893,983)
758,398	16,130,404	Collection of long-term receivables is not reflected in the statement of activities, whereas in governmental funds it is reported as revenue.	(5,530,000)
		Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long- term liabilities in the statement of net assets.	5,530,000
-	406,635	In the statement of activities, interest and charges are accrued on outstanding bonds, whereas, in governmental funds, they are reported when due.	2,311
905,394	2,053,726	Change in Net Assets of Governmental Activities	<u>\$ (12,725,309)</u>
-	5,530,000		
-	463,943		
-	6,947,125		
905,394	15,401,429		
(146,996)	728,975		
166,656	15,113,369		
(847,738)	(15,113,369)		
(681,082)	-		
(828,078)	728,975		
1,412,185	18,927,039		
<u>\$ 584,107</u>	<u>\$ 19,656,014</u>		

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Transportation Improvement District of Butler County (the “District”) is a body, both corporate and politic, created for the purpose of financing, constructing, maintaining, repairing and operating selected transportation projects. The District was specifically formed under the auspices of House Bill 154, and Ohio Revised Code, Chapter 5540, as amended, and created by action of the Board of County Commissioners of Butler County on December 7, 1993.

The District is a jointly governed entity administered by a Board of Trustees (“Board”) that acts as the authoritative and legislative body of the entity. The Board is comprised of seventeen board members, of which twelve are voting and five are non-voting appointed by the relative member governments. Of the seventeen, three are elected as officers of the District; Chair(person), Vice-Chair(person), and Secretary-Treasurer. Each Officer serves a term of one year; there are no term limits for reappointment. The member governments include the following political subdivisions: Butler County, the City of Hamilton, the City of Fairfield, Fairfield Township, West Chester Township, Liberty Township, the State of Ohio, and the Ohio-Kentucky-Indiana Regional Council of Governments. No board members receive compensation for serving on the Board, except for the Director.

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

The Board of Trustees appoints a Director of the District. The position of the Director is a non-voting position on the Board, and the Director receives annual compensation for his duties. The compensation package of the Director is passed by resolution of the Board. The Director’s main responsibility is acting as chief executive officer of the District as prescribed by the Board of Trustees.

The accompanying statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization’s governing body and either (1) the District’s ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grants and entitlements and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

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

Governmental Funds

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

The District reports the following major governmental funds:

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

Debt Service Fund – The Debt Service Fund accounts for the servicing of general long-term debt and revenues generated by the Michael A. Fox Highway that are required to be used in payment of long-term debt.

Michael A. Fox Highway Capital Projects Fund – The fund accounts for the TID's construction of a 10.7 mile divided above graded interstate like roadway from the City of Hamilton to Interstate 75.

Princeton Road at State Route Bypass 4 Capital Projects Fund – This project involved the widening of Princeton Road and State Route Bypass 4 including installing a new signal at the Winford Drive intersection and revising the signalization at State Route Bypass 4.

Revenues - Exchange and Non-Exchange Transactions

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Expenses/Expenditures

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

D. Cash and Cash Equivalents

Cash received by the District is pooled for investment purposes. Equity interest in the pool is presented as “Cash and Cash Equivalents” on the statement of net assets and governmental fund balance sheet by activity or fund. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as “Restricted Assets: Cash with Fiscal Agent.”

During fiscal year 2002, investments were limited to Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes, Money Market Mutual Funds and Guaranteed Investment Contracts. Investments for the District are valued at fair value.

Following Ohio statutes, the Board of Trustees has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounts to \$68,882, which includes (\$12,003) assigned from other District funds. The Debt Service and Michael A. Fox Highway capital projects fund also received interest on trust accounts of \$588 and \$878,136, respectively.

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements. Restricted cash with fiscal agent represents amounts required by debt covenant to be segregated for final year debt payment and accrued interest on the bonds. Restricted cash and cash equivalents represents special assessment proceeds restricted for completion of the Muhlhauser Road project.

F. Interfund Transactions

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

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

On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as “interfund loan receivables/payables.” These amounts are eliminated on the statement of net assets.

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not. The District maintains the ownership of the asset until a dedication plat is filed with the participating government for recording of the road. During 2002, the District assigned ownership of \$14,766,377 in construction in progress assets to local governments (see note 13).

H. Compensated Absences

The District does not accrue compensatory time on exempt employees. Sick and vacation time must be used in the year earned or all unused time expires unless the Executive Director grants remaining vacation balances to be carried over to the next year on an individual basis.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Reservations of Fund Balance

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. Fund equity reserves have been established for encumbrances in the general and capital project funds and for future debt service in the Debt Service and Capital Projects Funds. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

K. Net Assets

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

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America that 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.

M. Deferred Revenues

The District reports unearned deferred revenue in the governmental fund balance sheet. Deferred and unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In general, monies received within thirty-one days after year-end are considered to have been for prior year services.

N. Accrued Liabilities

The District reports accrued liabilities on the statement of net assets. A liability arose based upon an intergovernmental agreement between the District and the Ohio Department of Transportation (ODOT). The District received an administration fee related to the construction of the Michael A. Fox Highway. The \$1,627,934 accrued liability is the portion of that fee collected by the District that is being returned based on a supplemental agreement. The District also reports a \$515,492 accrued liability for federal arbitrage earnings that are considered rebatable earnings. The District is required to pay ninety percent of the arbitrage every five years with the remaining ten percent paid at maturity of the bonds.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between *total governmental fund balances* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$129,719,483 are as follows:

Accrued Liabilities:	
Administration Fee	\$1,627,934
Arbitrage Ten Percent Amount	51,549
Special Obligation Bonds Payable	128,040,000
Net Adjustment to reduce <i>fund balance</i> – <i>total governmental funds</i> to arrive at <i>net assets</i> – <i>governmental activities</i>	\$129,719,483

NOTE 2 - ACCOUNTABILITY

Fund Deficits

As of December 31, 2002, the Princeton Road at State Route Bypass 4, State Route 747, and Liberty Interchange Capital Projects Funds and Debt Service Fund had deficit fund balances of \$3,147, \$12,966, \$12,544, and \$412,901 respectively. The deficits were created through recognition of amounts owed but not yet paid by the funds (accounts payable). The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

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

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio);
- Certain banker’s acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
- Under limited circumstances, corporate debt obligations rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 3 – 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 District, and must be purchased with the expectation it will be held to maturity. Investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

A. Deposits

At year-end the carrying amount of the District’s deposits was \$4,508,914 and the bank balance was \$4,507,588. Federal depository insurance coverage did not apply to the bank balance. The deposits were classified as Category 2, collateralized, as defined by GASB (securities are pledged with the pledging financial institution’s trust department or agent in the District’s name).

B. Investments

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

The District has investments of \$13,708,888 in a Guaranteed Investment Contract (GIC), with an insurance company, MBIA Inc. These investments are not categorized under the GASB 3 credit risk categories for investments because the GIC is not evidenced by securities that exist in physical or book entry form. This GIC bears a yield of 6.4%. Withdrawals on the GIC require seven days notice and may be made to fund a bond reserve account.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The GIC is not required to be collateralized except in the event that the ratings of MBIA by either S&P or Moody’s fall below “AA-“ or “Aa3”, respectively. MBIA Inc., at its option, within 10 days of receipt of publication of such downgrade, may either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws to the District, the Trustee or a third party acting solely as agent therefor collateral free and clear of any third-party liens or claims, the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody’s to maintain an “A” rating in an “A” rated structured financing; or (B) repay the principal of and accrued unpaid interest on the investment.

The monies invested in the GIC are from bond proceeds, and invested in eligible investments as set forth in the general bond resolution. Section 5540.12 of the Ohio Revised Code (ORC) states that monies received as proceeds from the sale of bonds are to be held and applied as provided in this chapter and in any applicable bond proceedings. Such monies shall be kept in depositories as selected by the Board in the manner provided in ORC sections 135.01 to 135.21.

The District’s Investments at December 31, 2002 are summarized below:

<u>Categorized Investments</u>	<u>Category 3</u>	<u>Fair Value/ Contract Value</u>
Federal National Mortgage Association	\$1,099,546	\$1,099,546
Federal Home Loan Bank	826,611	826,611
<u>Noncategorized Investments</u>		
Firststar Money Market Mutual Fund	0	16,727
Guaranteed Investment Contract	N/A	13,708,888
Total Investments	<u>\$1,926,157</u>	<u>\$15,651,772</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Cash, Cash Equivalents and Investments	\$5,424,561	\$14,736,125
<u>Investments:</u>		
Federal National Mortgage Association	(898,920)	898,920
Money Market Mutual Fund	(16,727)	16,727
GASB Statement No. 3	\$4,508,914	\$15,651,772

NOTE 4 – INTERFUND BALANCES

Interfund balances at December 31, 2002, consist of the following individual receivables and payables in the governmental fund balance sheet (such amounts are removed in the statement of net assets):

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$1,137,495	\$0
Capital Projects Funds:		
Michael A. Fox Highway Fund	0	1,134,348
Princeton Road at State		
Route Bypass 4 Fund	0	3,147
Total Capital Projects Funds	0	1,137,495
Totals	\$1,137,495	\$1,137,495

During the year the capital projects funds expended monies for construction projects that are defined as governmental reimbursement contracts. The reimbursements were not made before year-end and the General Fund transferred monies to cover the deficits in the funds. The General Fund will be repaid within one year or less once the reimbursements are received.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 5 – TRANSFERS

The following is a summary of transfers in and out for all funds for 2002:

Fund	Transfer In	Transfer Out
General Fund	\$2,570,274	\$166,656
Debt Service Fund	12,373,939	2,500
Capital Projects Funds		
Michael A. Fox Highway Fund	2,500	13,636,027
Princeton Road at Bypass 4 Fund	0	460,448
Nonmajor Funds	166,656	847,738
Total Capital Projects Funds	169,156	14,944,213
Totals	\$15,113,369	\$15,113,369

The District completes construction projects on a reimbursement basis through participating local governments. The District must initially transfer moneys from the General Fund to the various Capital Projects Funds before the expenditures are made. Once the District receives reimbursement the Capital Projects Funds will refund the money to the General Fund. The transfer-in in the Debt Service Fund relates to the Ohio Department of Transportation's (ODOT) lease payment recognized into the Michael A. Fox Highway Capital Projects Fund and then moved into the Debt Service Fund for principal and interest payment. The transfer-out in the Debt Service Fund relates to an annual movement of interest revenue as required by the supplemental trust agreement into the Michael A. Fox Highway Capital Projects Fund which was used to reduce the lease payment by ODOT for that period.

NOTE 6 – INTERGOVERNMENTAL REVENUES AND CHARGES FOR SERVICES

The following entities, which are a part of the District, have contributed the following funds during 2002.

Member Name	Contribution	Charge for Service
Fairfield Township	\$2,188,221	\$31,328
City of Fairfield	1,000,754	0
West Chester Township	241,574	6,711
Liberty Township	143,279	5,545
Montgomery County TID	0	7,360

Charges for service recorded in the General Fund, represent the administrative project cost related to the Fairfield, West Chester and Liberty Township's projects. The District also contracted with the Montgomery County TID for providing monthly financial services.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 7 – CAPITAL ASSETS

Summary by category of changes in capital assets:

Category	December 31, 2001	Additions	Deletions	December 31, 2002
Construction in Progress	\$54,652,188	\$2,203,765	\$14,766,377	\$42,089,576
Totals	<u>\$54,652,188</u>	<u>\$2,203,765</u>	<u>\$14,766,377</u>	<u>\$42,089,576</u>

NOTE 8 – DEFINED BENEFIT PENSION AND POSTEMPLOYMENT BENEFITS PLANS

The following information was provided by the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The employer contribution rate was 13.55%, 8.55% to fund the pension and 5% to fund health care. The contribution requirements of plan members and the District are established and may be amended by the Public Employees Retirement Board. The District's contributions to the PERS of Ohio for the years ending December 31, 2002, 2001, and 2000 were \$13,636, \$14,624, and \$14,510, respectively, 91.85 percent has been contributed for fiscal year 2002 and 100 percent has been contributed for fiscal years 2001 and 2000.

The PERS of Ohio provides postemployment 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 also available. The health care coverage to be provided by the retirement system is considered Other Postemployment Benefits as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year 2002 was 5% of covered payroll, which amounted to \$8,202.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 8 – DEFINED BENEFIT PENSION AND POSTEMPLOYMENT BENEFITS PLANS (Continued)

Other Postemployment Benefits (OPEB) are advanced-funded on an actuarially determined basis. The assumption and calculation below were based on the System's latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. As of December 31, 2001, the actuarial value of net assets available for future OPEB payments was \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively. The number of active contributing participants for OPEB at December 31, 2001 was 402,041.

NOTE 9 – LEASE

In 1996, the District entered into a Master Lease Agreement with the Ohio Department of Transportation (ODOT). The District will receive lease payments equal to the debt service requirements on the 1997 Highway Improvement Bonds for twenty years. In return the District will lease the Michael A. Fox Highway to ODOT. The lease expired on June 30, 2001 and was renewed for successive terms not to exceed two years upon appropriation by the Ohio General Assembly to ODOT of the amounts required for lease payments for each successive term.

After twenty years, ODOT holds a bargain purchase option on the Michael A. Fox Highway for one-dollar plus any outstanding liabilities and contractual obligations. If ODOT declines to exercise this option, the District will retain ownership and continue to retain all responsibility for the highway.

This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded as a receivable in the Debt Service Fund at the present value of the future minimum lease payments as of the inception date.

The following is a summary of future annual lease payments:

Year	Principal	Interest	Total
2003	\$5,810,000	\$6,808,875	\$12,618,875
2004	6,100,000	6,518,375	12,618,375
2005	6,405,000	6,213,375	12,618,375
2006	6,725,000	5,893,125	12,618,125
2007	7,060,000	5,556,875	12,616,875
2008-2012	41,500,000	21,583,075	63,083,075
2013-2017	54,440,000	8,648,694	63,088,694
	\$128,040,000	\$61,222,394	\$189,262,394

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 10 – LONG-TERM OBLIGATIONS

	Balance December 31, 2001	Issued (Retired)	Balance December 31, 2002	Due Within One Year
Governmental Activities:				
Accrued Liabilities	\$1,627,934	\$515,492	\$2,143,426	\$2,091,877
Special Obligation Bonds:				
4.75-6.00% 1997				
Highway Improvement	133,570,000	(5,530,000)	128,040,000	5,810,000
 Governmental Activity				
Long-Term Liabilities	<u>\$135,197,934</u>	<u>(\$5,014,508)</u>	<u>\$130,183,426</u>	<u>\$7,901,877</u>

On October 1, 1997, the District issued \$158,485,000 in bonds for the purpose of acquiring, design and construction of the Michael A. Fox Highway between State Route 4 and Interstate 75, including the interchange at Interstate 75 and the design and construction of any necessary modifications to Interstate 75 required by the Federal Highway Administration resulting from the construction of the Union Centre and Michael A. Fox Highway interchanges. The bonds are subject to federal arbitrage regulations with the first five-year installment due January 7, 2003. The District recognized the ninety-percent portion in the Debt Service and the total due on the statement of net assets for \$515,492 with \$463,943 being reported on the governmental fund balance sheet as a current liability and the full amount on the statement of net assets. The bonds are being repaid from the Debt Service Fund with a final maturity in 2017.

The following is a summary of the District's future annual debt service requirements for the 1997 Highway Improvement Special Obligation Bonds:

Special Obligation Bonds

Year	Principal	Interest	Total
2003	\$5,810,000	\$6,808,875	\$12,618,875
2004	6,100,000	6,518,375	12,618,375
2005	6,405,000	6,213,375	12,618,375
2006	6,725,000	5,893,125	12,618,125
2007	7,060,000	5,556,875	12,616,875
2008-2012	41,500,000	21,583,075	63,083,075
2013-2017	54,440,000	8,648,694	63,088,694
	<u>\$128,040,000</u>	<u>\$61,222,394</u>	<u>\$189,262,394</u>

NOTE 11 – CONSTRUCTION COMMITMENTS

The District has one major outstanding contract for professional and contract services. The following amounts remain on these contracts as of December 31, 2002:

Project and Contractor	Outstanding Balance
Liberty Interchange – Resource International	\$57,753

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2002, the District contracted with the Personal Service Insurance Co. for liability, property, and crime damage. Coverages provided by the company are as follows:

Public Official Errors and Omissions Liability (Per occurrence)	\$1,000,000
Business Auto Coverage Liability Combined	1,000,000
Commercial General Liability	2,000,000
Commercial Property	1,000,000
Personal and Advertising Injury	1,000,000
Valuable Papers	75,000
Crime Insurance:	
Forgery or Alteration	25,000
Employee Dishonesty (Per occurrence)	500,000
Surety Bond (David Gully, Secretary/Treasurer)	500,000

The District has had no significant reduction in insurance coverage from prior years. The District has had no settlements exceed insurance coverage for the past seven years.

The District is a member of the group health insurance program for the Butler County Government employees. Premiums are paid into Butler County's internal service fund by all funds having compensated employees, calculated solely on the demographics of the group. On January 1, 1996, the County entered into a contract with Aetna Healthcare to provide a premium based health care insurance plan. The monies paid into the Employee Health Benefit internal service fund are available to pay for premiums and administrative costs of the plan.

Workers' compensation coverage is maintained by paying premiums to the State Bureau of Workers' Compensation. The premium is calculated based upon accident history and administrative costs.

NOTE 13 – SPECIAL ITEMS

During the year, the District retired \$14,766,377 in construction in progress capital assets. The District manages construction projects for local governments and maintains ownership of those assets until a dedication plat is filed with the county or city for the roadway. The District dedicated the assets related to the State Route 747 project and Muhlhauser Road project. The removal of those assets is reflected on the statement of activities under general revenues.

NOTE 14 – CONTINGENCIES

As of December 31, 2002, the District did not have any pending litigation or potential nondisclosed liabilities.

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REQUIRED SUPPLEMENTARY INFORMATION

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Charges for Services	-	52,000	68,051	16,051
Investment Earnings	12,000	145,000	139,030	(5,970)
Change in Fair Value of Investments	-	-	20,580	20,580
All Other	-	200	16,482	16,282
Total Revenues	<u>262,000</u>	<u>447,200</u>	<u>494,143</u>	<u>46,943</u>
Expenditures:				
Current:				
General Government				
Personal Services	230,804	227,820	215,399	12,421
Contractual Services	86,650	118,850	113,563	5,287
Materials and Supplies	20,350	55,350	54,055	1,295
Other	31,600	38,000	13,407	24,593
Total General Government	<u>369,404</u>	<u>440,020</u>	<u>396,424</u>	<u>43,596</u>
Capital Outlay	<u>2,841,631</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,211,035</u>	<u>440,020</u>	<u>396,424</u>	<u>43,596</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,949,035)</u>	<u>7,180</u>	<u>97,719</u>	<u>90,539</u>
Other Financing Sources (Uses):				
Transfers In	-	2,570,274	2,570,274	-
Transfers Out	-	(1,467,856)	(151,380)	1,316,476
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,102,418</u>	<u>2,418,894</u>	<u>1,316,476</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(2,949,035)</u>	<u>1,109,598</u>	<u>2,516,613</u>	<u>1,407,015</u>
Fund Balance Beginning of Year	3,890,886	3,890,886	3,890,886	-
Prior Year Encumbrances	16,000	16,000	16,000	-
Fund Balance End of Year	<u>\$ 957,851</u>	<u>\$ 5,016,484</u>	<u>\$ 6,423,499</u>	<u>\$ 1,407,015</u>
		Budget Basis	\$ 2,516,613	
		Revenue Accruals	(80,217)	
		Expenditure Accruals	(10,785)	
		Encumbrances	574	
		Transfer Accruals	<u>(15,276)</u>	
		GAAP Basis	<u>\$ 2,410,909</u>	

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Process

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

The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified by resolution of the District Board. All funds are required to be budgeted and appropriated except for the Union Centre Boulevard Fund which has no budgetary basis activity in 2002. The level of budgetary control is at the object level for the District. Any budgetary modifications at this level may only be made by resolution of the District Board. Supplemental appropriations were necessary during the year which increased and decreased the original budget amounts.

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

1. **Estimated Resources**

As part of the District's budgetary process, the Board approves the official estimated resources. The official estimated resources states the projected revenue of each fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the official estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the estimated resources is amended to include any unencumbered balances from the preceding year. The estimated resources may be further amended during the year if the Board determines that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2002.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2002*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Appropriations

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

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

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COMBINING STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

The Capital Projects Funds are used to account for the construction of major capital improvement programs within the jurisdiction of the District.

Union Centre Extension Fund

Formerly known as Symmes Road Extension, the fund is used to account for the TID's improvements and construction of a five-lane road from State Route 747 to Seward Road.

Union Centre Boulevard Fund

To account for the construction of a five-lane road from the Union Centre Interchange at Interstate 75 to State Route 747. This fund also accounts for the landscaping and beautification of the Union Centre Interchange. The only activity during the year related to a transfer to close out the fund. Some additional expenditures were incurred after the assessments were levied and were absorbed through the general fund balance.

State Route 747 Fund

To account for the widening of State Route 747 from Tylersville Road to the Michael A. Fox Highway, also known as phase three of the widening project. The District completed the first phase in 2000 with the County Engineer being responsible for the second phase. This fund also accounts for the study and proposed improvements at the Princeton Road intersection in Liberty Township.

Muhlhauser Road Fund

To account for the construction of a five-lane road from State Route 747 to West Chester Road. The remaining restricted balance is being used to fund right of way and construction expenditures to help reduce the County and Township portion of the widening from State Route 747 to State Route 4.

West Chester Road Fund

To account for the widening of West Chester Road from the Interstate 75 bridge to Beckett Road.

Liberty Interchange Fund

To account for the interchange justification and engineering associated with evaluating where the current Michael A. Fox Highway (SR129) terminates at Interstate 75. The TID is in the conceptual stage of determining what alternatives can be explored to make this connection into a full interchange.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2002

	CAPITAL PROJECTS		
	Union Centre Extension	State Route 747	Muhlhauser Road
Assets:			
Cash and Cash Equivalents	\$ 4,845	\$ -	\$ -
Accounts Receivable, net	-	4,423	-
Receivables from Other Governments	-	8,543	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	607,772
Total Assets	\$ 4,845	\$ 12,966	\$ 607,772
Liabilities:			
Accounts Payable	\$ 3,000	\$ 12,966	\$ -
Contracts Payable	-	-	-
Deferred Revenue	-	12,966	-
Total Liabilities	3,000	25,932	-
Fund Balances:			
Fund Balances:			
Reserved for Encumbrances	8,660	-	-
Unrestricted:			
Unreserved (Deficit)	(6,815)	(12,966)	607,772
Total Fund Balances	1,845	(12,966)	607,772
Total Liabilities and Fund Balances	\$ 4,845	\$ 12,966	\$ 607,772

CAPITAL PROJECTS	
Liberty Interchange	Total Nonmajor Governmental Funds
\$ -	\$ 4,845
12,544	4,423
-	21,087
-	607,772
<u>\$ 12,544</u>	<u>\$ 638,127</u>
\$ -	\$ 15,966
12,544	12,544
12,544	25,510
<u>25,088</u>	<u>54,020</u>
45,209	53,869
<u>(57,753)</u>	<u>530,238</u>
<u>(12,544)</u>	<u>584,107</u>
<u>\$ 12,544</u>	<u>\$ 638,127</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	CAPITAL PROJECTS			
	Union Centre Extension	Union Centre Boulevard	State Route 747	Muhlhauser Road
Revenues:				
Intergovernmental	\$ 384,714	\$ -	\$ 122,103	\$ -
All Other	60,024	-	-	-
Total Revenues	444,738	-	122,103	-
Expenditures:				
Capital Outlay	374,436	-	16,150	310,707
Excess (Deficiency) of Revenues Over (Under) Expenditures	70,302	-	105,953	(310,707)
Other Financing Sources (Uses)				
Transfers In	-	14,955	151,701	-
Transfers Out	(275,000)	-	(122,137)	-
Total Other Financing Sources (Uses)	(275,000)	14,955	29,564	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(204,698)	14,955	135,517	(310,707)
Fund Balance (Deficit) Beginning of Year	206,543	(14,955)	(148,483)	918,479
Fund Balance (Deficit) End of Year	\$ 1,845	\$ -	\$ (12,966)	\$ 607,772

CAPITAL PROJECTS		
West Chester Road	Liberty Interchange	Total Nonmajor Governmental Funds
\$ 6,710	\$ 184,847	\$ 698,374
-	-	60,024
<u>6,710</u>	<u>184,847</u>	<u>758,398</u>
6,710	197,391	905,394
-	(12,544)	(146,996)
-	-	166,656
(450,601)	-	(847,738)
<u>(450,601)</u>	<u>-</u>	<u>(681,082)</u>
(450,601)	(12,544)	(828,078)
450,601	-	1,412,185
<u>\$ -</u>	<u>\$ (12,544)</u>	<u>\$ 584,107</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ 13,000	\$ 500	\$ 588	\$ 88
All Other	60,000	60,000	88,221	28,221
Total Revenues	<u>73,000</u>	<u>60,500</u>	<u>88,809</u>	<u>28,309</u>
Expenditures:				
Debt Service:				
Principal Retirement	5,530,000	5,530,000	5,530,000	-
Interest and Fiscal Charges	6,947,125	6,947,125	6,947,125	-
Total Expenditures	<u>12,477,125</u>	<u>12,477,125</u>	<u>12,477,125</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>(12,404,125)</u>	<u>(12,416,625)</u>	<u>(12,388,316)</u>	<u>28,309</u>
Other Financing Sources (Uses):				
Transfers In	12,477,125	12,373,939	12,373,939	-
Transfers Out	-	(2,500)	(2,500)	-
Total Other Financing Sources (Uses)	<u>12,477,125</u>	<u>12,371,439</u>	<u>12,371,439</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	73,000	(45,186)	(16,877)	28,309
Fund Balance Beginning of Year	62,919	62,919	62,919	-
Fund Balance End of Year	<u>\$ 135,919</u>	<u>\$ 17,733</u>	<u>\$ 46,042</u>	<u>\$ 28,309</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MICHAEL A. FOX HIGHWAY CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 12,477,125	\$ 11,935,255	\$ 11,935,255	\$ -
Investment Earnings	-	880,000	878,136	(1,864)
Total Revenues	12,477,125	12,815,255	12,813,391	(1,864)
Expenditures:				
Capital Outlay	20,000	20,000	18,149	1,851
Excess of Revenues Over Expenditures	12,457,125	12,795,255	12,795,242	(13)
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	-	-	181,289	181,289
Transfers In	-	2,500	2,500	-
Transfers Out	(13,739,213)	(13,636,027)	(13,636,027)	-
Total Other Financing Sources (Uses)	(13,739,213)	(13,633,527)	(13,452,238)	181,289
Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(1,282,088)	(838,272)	(656,996)	181,276
Fund Balance Beginning of Year	13,791,972	13,791,972	13,791,972	-
Fund Balance End of Year	\$ 12,509,884	\$ 12,953,700	\$ 13,134,976	\$ 181,276

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

**PRINCETON ROAD AT STATE ROUTE BYPASS 4 CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,270,000	\$ 2,192,000	\$ 2,188,221	\$ (3,779)
All Other Revenue	-	70,691	70,691	-
Total Revenues	<u>2,270,000</u>	<u>2,262,691</u>	<u>2,258,912</u>	<u>(3,779)</u>
Expenditures:				
Capital Outlay	<u>1,150,000</u>	<u>1,151,664</u>	<u>1,151,664</u>	<u>-</u>
Excess of Revenues Over Expenditures	1,120,000	1,111,027	1,107,248	(3,779)
Other Financing Uses:				
Transfers Out	<u>(460,448)</u>	<u>(460,448)</u>	<u>(460,448)</u>	<u>-</u>
Excess of Revenues Over Expenditures and Other Financing Uses	659,552	650,579	646,800	(3,779)
Fund Balance (Deficit) Beginning of Year	<u>(649,947)</u>	<u>(649,947)</u>	<u>(649,947)</u>	<u>-</u>
Fund Balance (Deficit) End of Year	<u>\$ 9,605</u>	<u>\$ 632</u>	<u>\$ (3,147)</u>	<u>\$ (3,779)</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

UNION CENTRE EXTENSION FUND

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ 1,000,754	\$ 754
All Other Revenue	-	95,000	60,024	(34,976)
Total Revenues	1,000,000	1,095,000	1,060,778	(34,222)
Expenditures:				
Capital Outlay	571,000	406,857	403,933	2,924
Excess of Revenues Over Expenditures	429,000	688,143	656,845	(31,298)
Other Financing Uses:				
Transfers Out	-	(275,000)	(275,000)	-
Excess of Revenues Over Expenditures and Other Financing Uses	429,000	413,143	381,845	(31,298)
Fund Balance (Deficit) Beginning of Year	(412,413)	(412,413)	(412,413)	-
Prior Year Encumbrances	26,753	26,753	26,753	-
Fund Balance (Deficit) End of Year	\$ 43,340	\$ 27,483	\$ (3,815)	\$ (31,298)

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	STATE ROUTE 747 FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 156,803	\$ 122,103	\$ (34,700)
Expenditures:				
Capital Outlay	151,380	189,264	154,564	34,700
Deficiency of Revenues Under Expenditures	(151,380)	(32,461)	(32,461)	-
Other Financing Sources (Uses):				
Transfers In	-	151,380	151,380	-
Transfers Out	-	(122,137)	(122,137)	-
Total Other Financing Sources (Uses)	-	29,243	29,243	-
Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(151,380)	(3,218)	(3,218)	-
Fund Balance Beginning of Year	2,897	2,897	2,897	-
Fund Balance (Deficit) End of Year	\$ (148,483)	\$ (321)	\$ (321)	\$ -

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	MUHLHAUSER ROAD FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital Outlay	918,479	918,479	310,707	607,772
Deficiency of Revenues Under Expenditures	(918,479)	(918,479)	(310,707)	(607,772)
Fund Balance Beginning of Year	918,479	918,479	918,479	-
Fund Balance End of Year	\$ -	\$ -	\$ 607,772	\$ 607,772

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	WEST CHESTER ROAD FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 242,000	\$ 242,000	\$ 241,574	\$ (426)
Total Revenues	242,000	242,000	241,574	(426)
Expenditures:				
Capital Outlay	7,737	7,136	6,710	426
Excess of Revenues Over Expenditures	234,263	234,864	234,864	-
Other Financing Uses:				
Transfers Out	(450,000)	(450,601)	(450,601)	-
Deficiency of Revenues Under Expenditures and Other Financing Uses	(215,737)	(215,737)	(215,737)	-
Fund Balance Beginning of Year	215,737	215,737	215,737	-
Fund Balance End of Year	\$ -	\$ -	\$ -	\$ -

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	LIBERTY INTERCHANGE FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 246,200	\$ 634,828	\$ 184,847	\$ (449,981)
Total Revenues	246,200	634,828	184,847	(449,981)
Expenditures:				
Capital Outlay	246,200	634,828	242,600	392,228
Deficiency of Revenues Under Expenditures	-	-	(57,753)	57,753
Fund Balance Beginning of Year	-	-	-	-
Fund Balance (Deficit) End of Year	\$ -	\$ -	\$ (57,753)	\$ (57,753)

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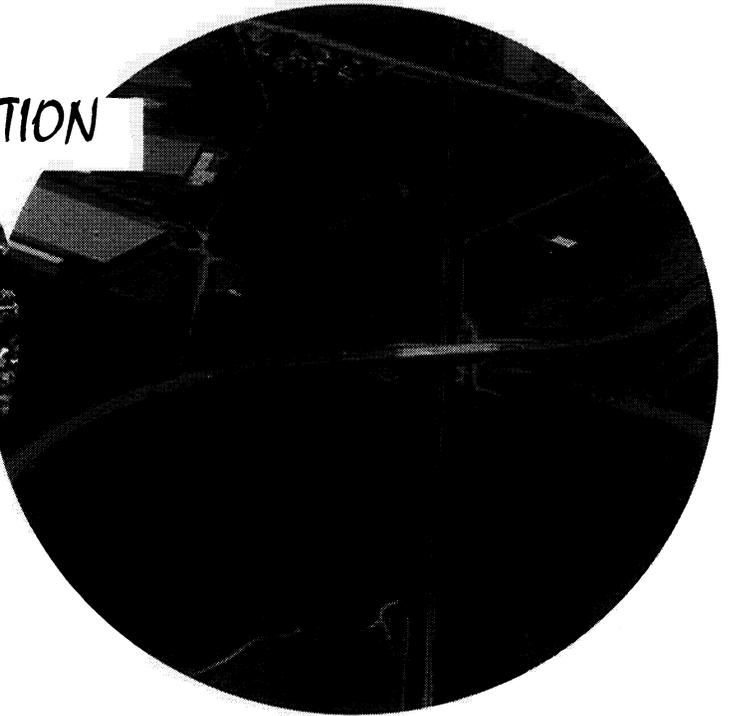
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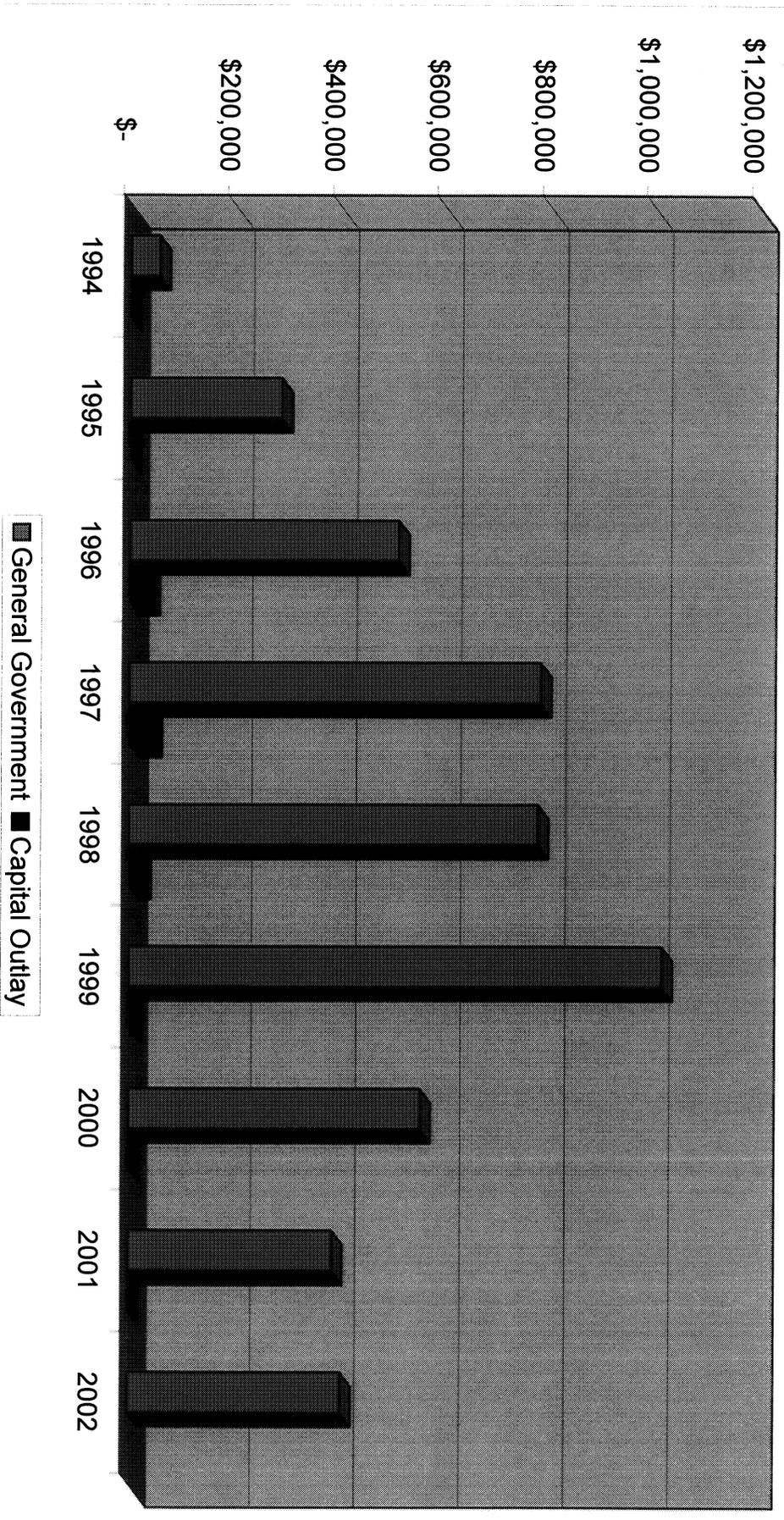
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Transportation Improvement District of Butler County, Ohio

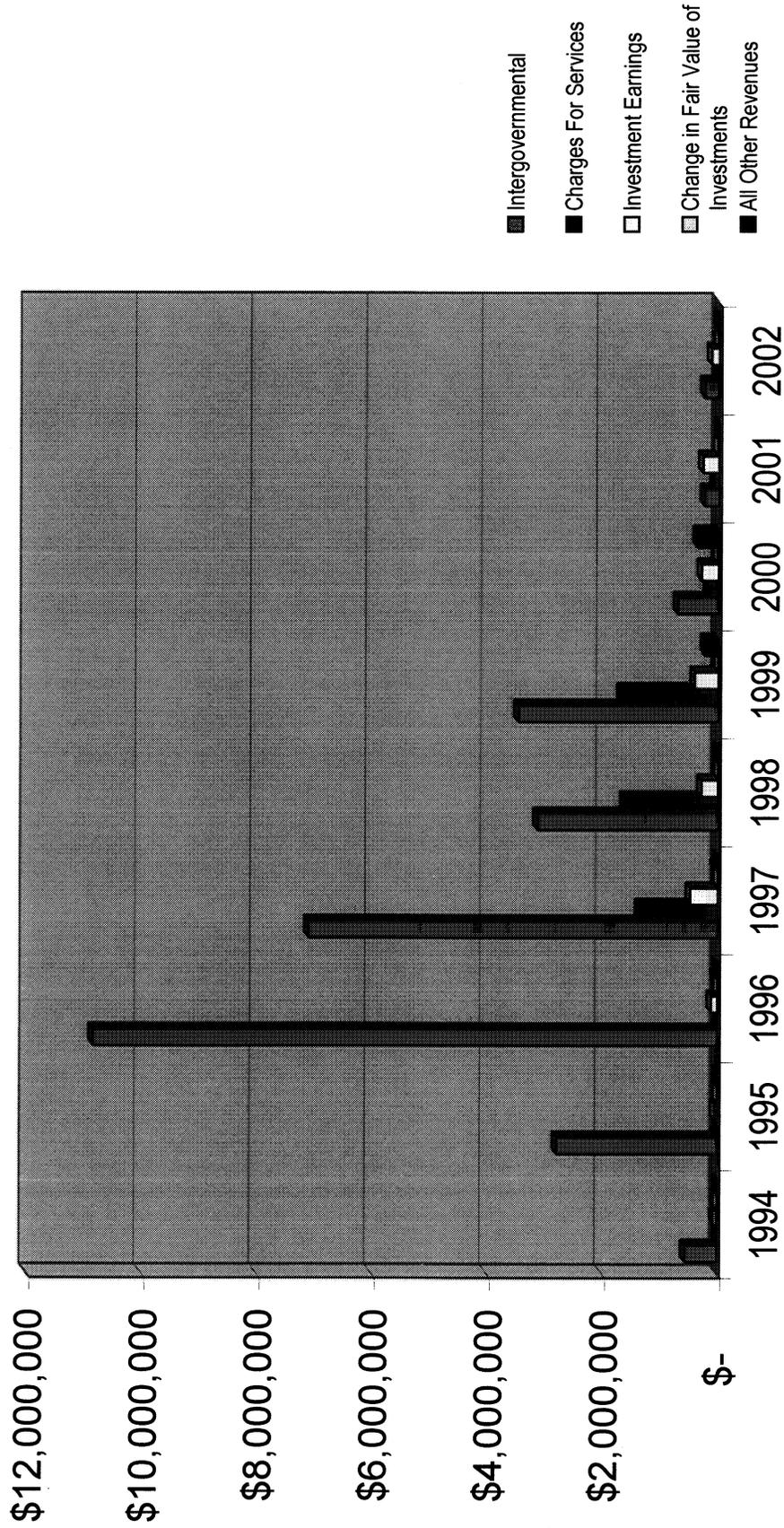
General Fund Expenditures by Function Last Nine Years



Source: Transportation Improvement District

Transportation Improvement District of Butler County, Ohio

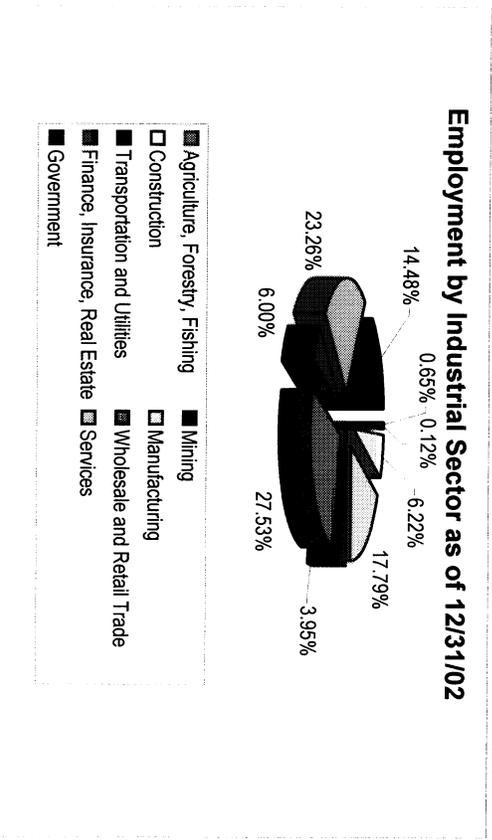
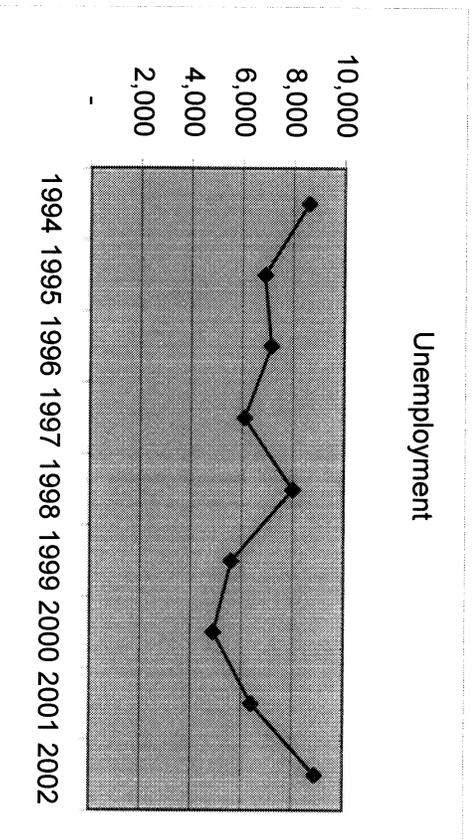
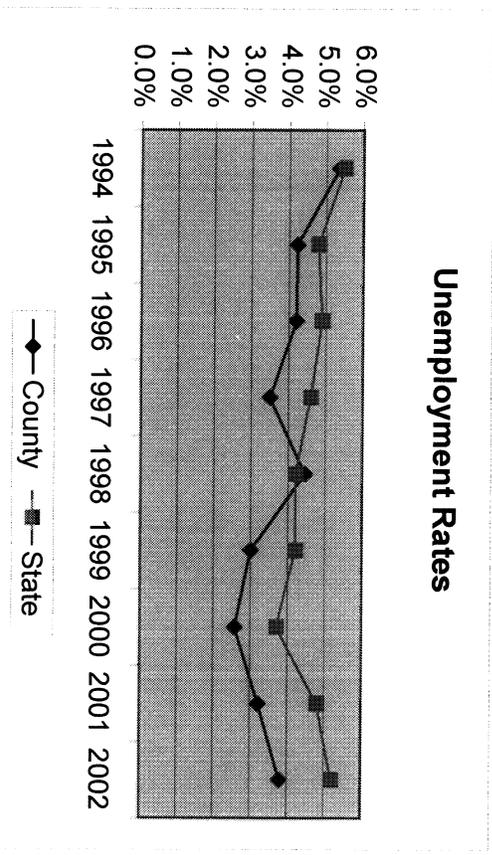
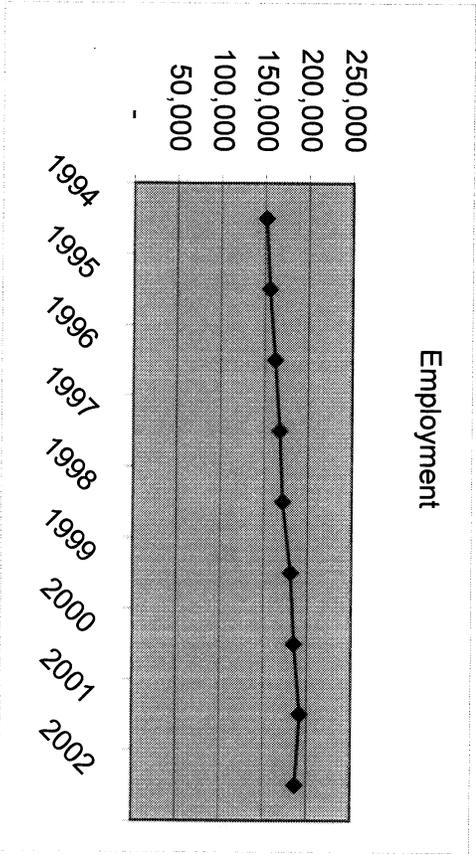
General Fund Revenues by Source Last Nine Years



Source: Transportation Improvement District

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
 DEMOGRAPHIC STATISTICS
 DECEMBER 31, 2002**

Labor Force Statistics



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

ASSESSED VALUE, NEW CONSTRUCTION AND BANK DEPOSITS

LAST NINE YEARS

<u>Year</u>	<u>Real Property (1)</u>	<u>Tangible Personal Property (1)</u>	<u>Total New Construction (1)</u>	<u>Bank Deposits (2)</u>
1994	\$ 3,276,426,740	\$ 494,704,501	\$ 98,184,430	\$ 737,683,000
1995	3,372,641,010	498,412,670	98,773,420	800,556,000
1996	3,547,997,320	549,465,585	130,007,390	783,398,000
1997	3,939,072,770	618,825,072	124,087,190	815,435,000
1998	4,068,350,540	680,964,144	132,338,540	864,105,000
1999	4,199,464,910	659,774,662	136,101,740	903,169,000
2000	4,764,719,420	694,566,748	199,539,300	1,152,810,000
2001	4,993,119,330	722,971,490	204,171,630	1,136,994,000
2002	6,301,771,000	724,768,577	177,181,250	1,257,078,000

(1) Includes all Butler County new construction
Source: Butler County Auditor

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MISCELLANEOUS STATISTICS

DECEMBER 31, 2002

Date of Creation: 1993
The first Transportation Improvement District in Ohio.

County: Butler

County Seat: City of Hamilton, Ohio

Number of Political Subdivisions within the District: 6
Butler County
City of Hamilton
City of Fairfield
Fairfield Township
West Chester Township
Liberty Township

Number of Interstate Highways inside the District: 2 (Interstate 75)
(Michael A. Fox - 129)

Source: Transportation Improvement District

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

Board of Trustees
Transportation Improvement District of Butler County, Ohio
Hamilton, Ohio

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio (the "District") as of and for the year ended December 31, 2002, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 9, 2003. 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 District'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, management 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.

BKD, LLP

April 9, 2003



**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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

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
JULY 17, 2003**