

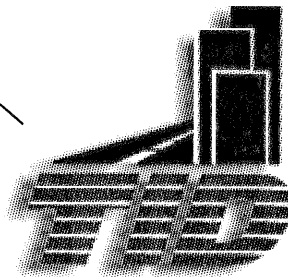
Transportation Improvement District of Butler County, Ohio

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

Liberty Interchange



State Route Bypass 4
Widening/ Bobmeyer Road



State Route 747 Phase III





**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Transportation Improvement District of Butler County, prepared by BKD LLP, for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY
Auditor of State

July 27, 2005

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*Transportation Improvement District
of Butler County, Ohio*



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

Prepared by: Sean Fraunfelter, CPA - Finance Department

Transportation Improvement District of Butler County, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004
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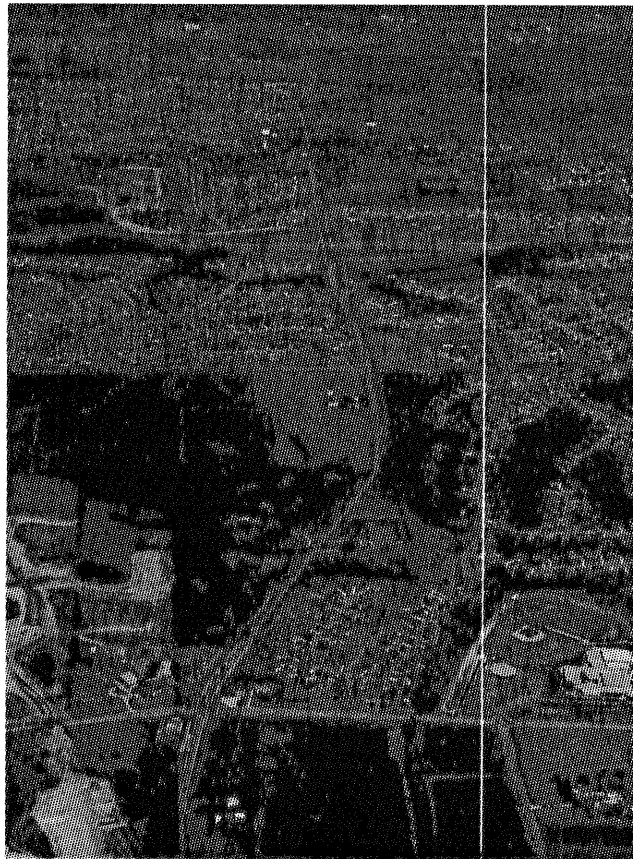
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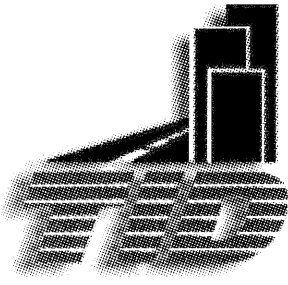
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State Route 747 Phase 4 Starting at State
Route 129 through Princeton
Road Intersection



State Route 747 Phase 3 Starting at Tylersville
Road through State Route 129



BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

April 30, 2005

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, 2004. 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 2004.

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 conformity 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. This report 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 2003 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 Chair is appointed annually by the Board of Trustees. The Chair is responsible for presiding at all Board meetings and is the chief legislative officer of the TID. An Executive Director of the TID, also appointed by the Board of Trustees, serves 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 requires management to 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

TID pushes forward on engineering projects

Liberty Interchange

Liberty Township has experienced substantial economic development from the State Route 129 Extension 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 State Route 129 Extension. The Township approached the TID in 2001 to manage a feasibility study to change the State Route 129 Extension into a full interchange at Interstate 75. The Township and Butler County would like to extend Cox Road from Hamilton-Mason Road, where it currently ends, north through the Township as a parallel facility or arterial to Interstate 75. The ultimate destination point would be State Route 63. The State Route 129 Extension would then extend connections to the local arterial network.

In October 2003, the preferred alternative was submitted to the stakeholders for approval and the **Collector/Distributor to Hamilton-Mason Road with a Cox Road Extension** was selected. The consultant has continued to work on the additional steps necessary to complete the interchange modification. The engineering work was started in 2004 on both Hamilton-Mason Road and Cox Road to lead possible construction of the Cox Road extension north in 2005 and Hamilton-Mason Road in 2006.



The environmental study started in December 2002 is nearing completion. The scope of the environmental document was expanded to cover a wider range of possibilities as the design alternative was different than originally anticipated. With about two-thirds of the document complete, the TID does not anticipate any environmental issues.

The TID, Butler County, Liberty Township and West Chester Township have been working together to determine the financing plan and desired timing of construction for the project. The original concept of the Liberty Interchange had been broken down into four phases: Cox Road North Extension, Hamilton-Mason Road east (Interstate 75 to Butler-Warren Road), Hamilton-Mason Road west (Interstate 75 to Cincinnati-Dayton Road), and then the interchange proper, which creates the interchange at the Hamilton-Mason Road bridge over Interstate 75 to about six hundred feet east and west of the bridge.

State Route 747 Phase III Widening

The State Route 747 widening was initially included in the package of infrastructure improvements that accompanied the State Route 129 Extension's development.

The TID completed the first phase of the widening project from Union Centre Boulevard to 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 widening the road with completion expected by the end of 2005.

The TID received funding through OKI for phase three of the project, from Tylersville Road to State Route 129. The funding for construction will become available beginning in July 2005. Upon receiving word the TID was successful in construction funding, the two Townships - Liberty and West Chester - agreed to pay for the engineering work on the third phase of the project. During 2004, the TID authorized a contract to proceed with right-of-way appraisals and title work. The project is expected to break ground in the spring of 2006.

Bypass State Route 4 Widening/Airport Access

Anyone associated with the TID for an extended period of 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. The TID formed a workgroup during 2002 to address the widening of the Bypass. Agreements were formed for the initial engineering and environmental work for the project.

The TID submitted applications to OKI for funding on two phases of the widening project at the same time as State Route 747 Phase III. For several reasons, the TID was not successful in receiving funding for these phases. The TID, along with the partnering governments, decided that proceeding with engineering and environmental would enhance any future construction funding request through either OKI or the Ohio Department of Transportation's TRAC Program.

During 2004, the consultant evaluated the traffic impacts of the projected average daily traffic counts and what impact the Bobmeyer extension from the Butler County Airport would have on the roadway. After several discussions with both ODOT and the local governments, it was determined that the engineering should proceed with a six lane alternative between Tylersville Road and Symmes Road.

The TID will resubmit a TRAC application in 2005 for Bypass funding. The TID will request that the local governments reconfirm their pledge of ten million dollars to the project. With the local government commitment, the TID will receive a better TRAC scoring as engineering and environmental procedures have evolved beyond where they were when the first application was submitted.



ECONOMIC CONDITION AND OUTLOOK

The TID has seen state and federal project government financing on the decline. With continued State of Ohio budget cuts, the local governments are strapped for finding ways to allocate money for major infrastructure projects. The State has also continued with its restrictions on funding certain projects through their TRAC Program. The local governments that participate in TID projects continue to be aggressive with their economic development plans. Without this forward thinking of our local government officials, the TID would be in jeopardy of financing projects. The TID can work with local officials to bring together an interchange or a widening project, but these projects can't happen without the financing commitment from the local governments.

With tight budgets, local governments have turned to alternative methods for financing construction projects that are necessary for either safety improvements or to bring in more development for the area. More tax increment financing areas are being used with joint economic districts being discussed more and more as ways to pay for these necessary improvements.

FACTORS AFFECTING FINANCIAL CONDITION

The TID operates from four financial sources: a state bi-annual operating grant, investment interest revenue, local government contributions and a three percent administration charge on project management services. 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 higher yielding saving accounts. The maturities range from thirty days to three years, with an average maturity of one year. The TID has decided to keep more cash liquid in short term investments and high yield saving accounts over the past six months and for the immediate future with the increased need for project dollars. The TID has three projects moving in fast forward position as each project is financed on a reimbursement basis, thereby causing the TID to use its bank account to finance the costs until the reimbursement is received.

The TID is still exploring alternatives for a full time revenue source. Some ideas have been considered and are still under evaluation and will possibly be obtained during the next several years.

RISK MANAGEMENT

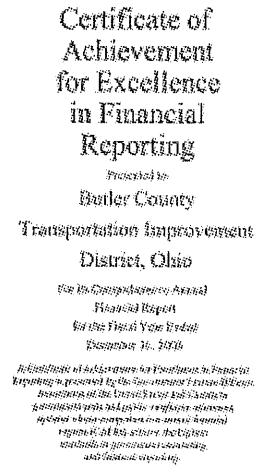
The TID maintains control over insurance through the Cincinnati Financial Insurance Company. The TID has had no settlements that exceeded the insurance coverage for the past nine years. During 2004, the TID switched to Brower Insurance Agency for professional liability and public officials insurance coverage. The TID maintains workers' compensation coverage by paying premiums to the State Bureau of Workers' Compensation. The TID has not incurred a claim in nine years.

AUDIT

An audit team from BKD, LLP has performed this year's audit. The results of the audit are presented in the Independent Accountants Report.

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, 2003. This was the ninth consecutive year that the TID has received this award for excellence and the fourth 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.



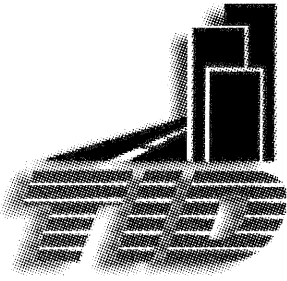
The TID staff works to develop a level of professionalism and sound financial reporting. The preparation and publication of this CAFR serves as a cornerstone for the TID's efforts. A special note of acknowledgment is presented to Fraunfelter Accounting Service for his work in the completion of this report. 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, 2004.

Respectfully submitted,

John E. Fonner
Executive Director

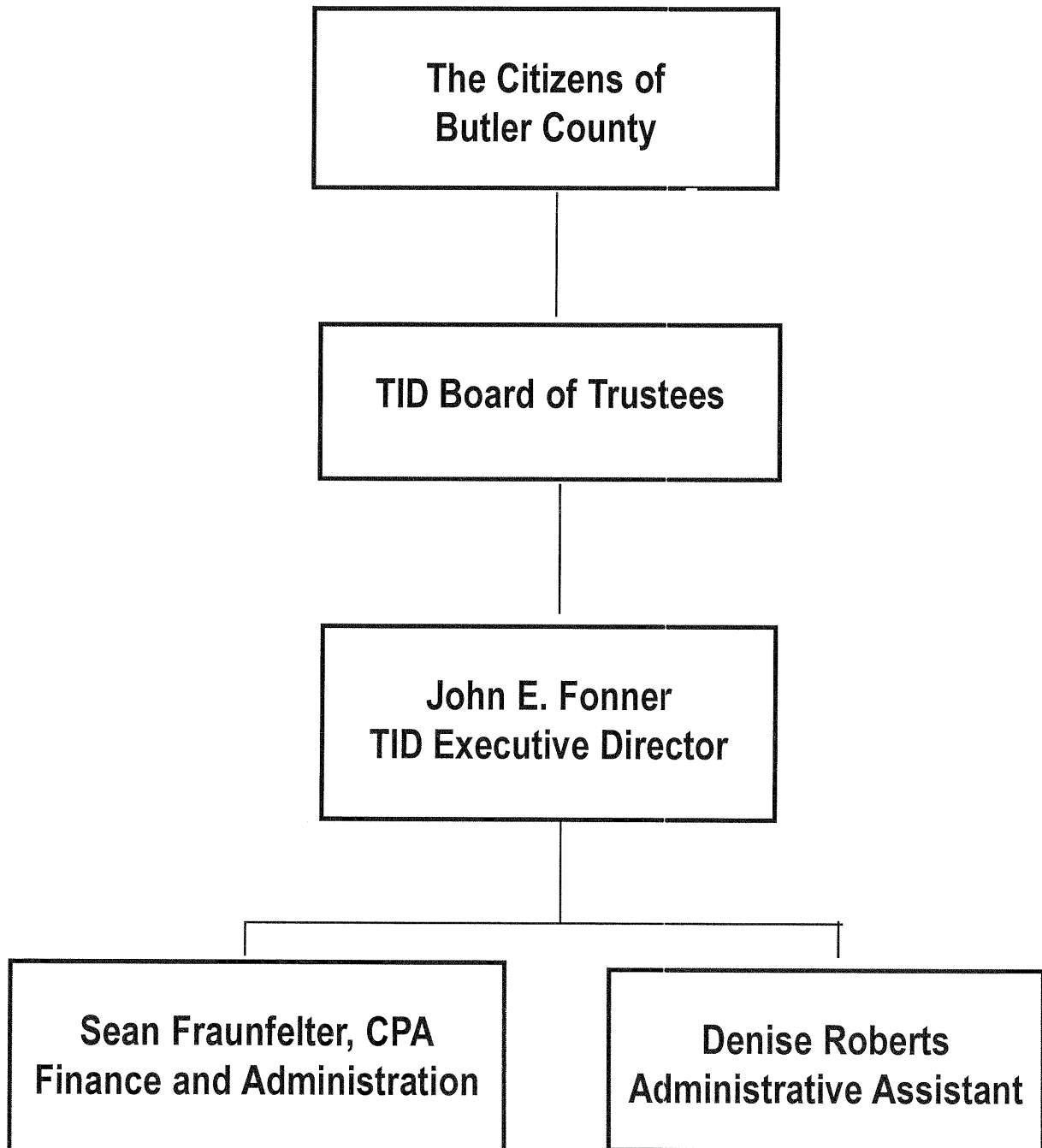
Gregory J. Wilkens, P.E., P.S.
Secretary/Treasurer - TID Board of Trustees

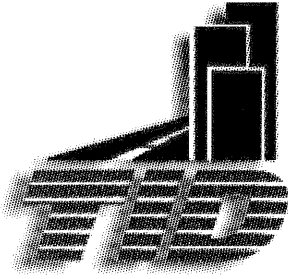
Sean Fraunfelter, CPA
Finance and Administration



**BUTLER COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

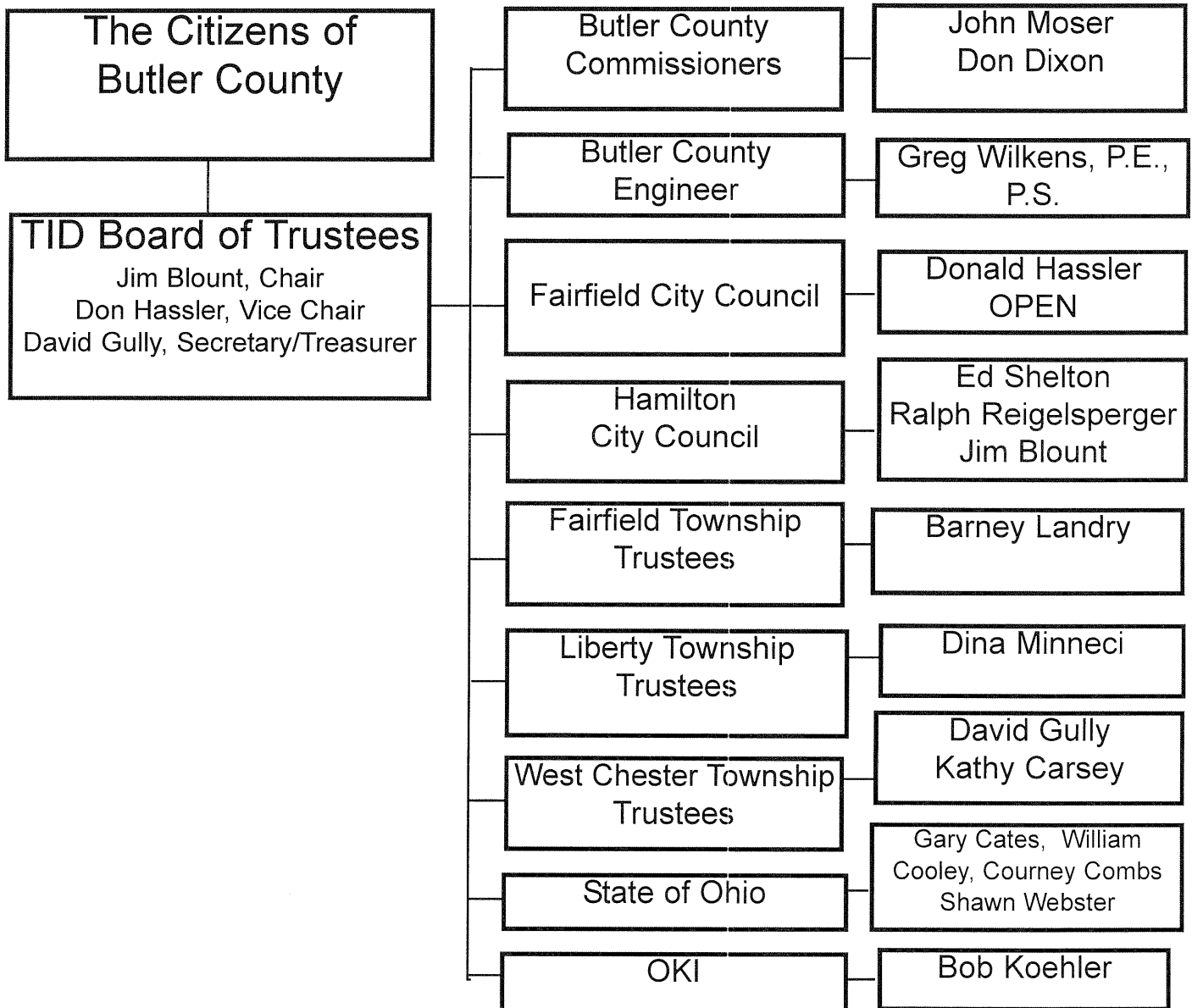
2004 Staff Organizational Chart





**BUTLER COUNTY, OHIO
TRANSPORTATION IMPROVEMENT DISTRICT**

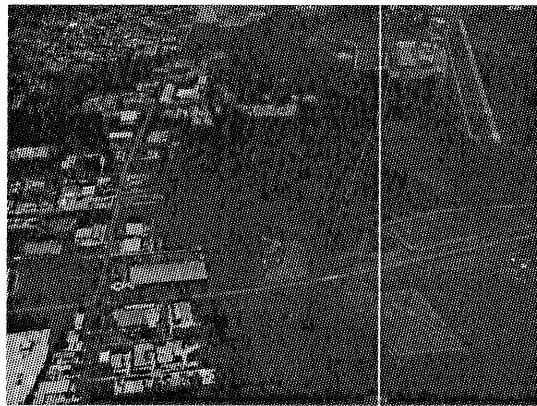
**2004 Board of Trustees
Organizational Chart**



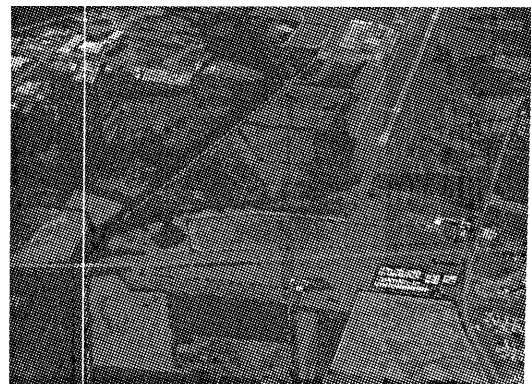




State Route 4 at the southern terminus of Bypass State Route 4



Bypass State Route 4 at Symmes Road with Airport in background



Bypass State Route 4 at Tylersville Road with Airport in background

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Independent Accountants' Report on Financial Statements and Supplementary Information

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

BKD, LLP

April 8, 2005

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004

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, 2004. Please review it in conjunction with the transmittal letter and the District's basic financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- Total net assets decreased \$6.5 million which represents a 19.0 percent decrease from 2003 accredited to the District dedicating \$8.2 million of infrastructure assets to the participating governments within the District structure which is recorded as a loss on disposal of capital assets on the financial statements.
- General Revenues accounted for \$2.3 million in revenues or 25.0 percent of all revenues.
Program specific revenues in the form of charges for services and capital grants accounted for \$6.8 million or 75.0 percent of all revenues.
- The District dedicated \$8.2 million on infrastructure during the current year to participating governments.
- The District had \$7.5 million in expenses related to governmental activities with \$6.8 million in program revenues to cover the cost of those programs.
- Among the major funds, the State Route 129 Extension fund had revenues of \$12.6 million. The fund continues 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 project needs 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
- State Route 129 Extension
- State Route 747
- Liberty Interchange

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 \$33.9 million to \$27.4 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)

	2003	2004		2003	2004	
Current and other assets	\$ 24.2	\$ 24.7	Net assets:			
Long term receivables	116.1	109.7		Invested in capital assets, net of related debt	\$ 17.5	\$ 11.0
Capital assets	17.5	11.0		Restricted	14.5	14.8
Total Assets	157.8	145.4		Unrestricted	1.9	1.6
Long-term obligations	(116.2)	(110.0)	Total net assets	\$ 33.9	\$ 27.4	
Other liabilities	(7.7)	(8.0)				
Total Liabilities	(123.9)	(118.0)				

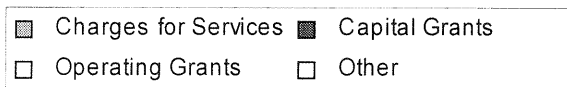
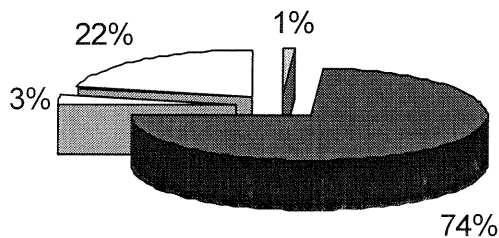
Net assets of the District's activities decreased 19.0 percent or \$6.5 million. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased from \$1.9 million to \$1.6 million at the end of 2004. The decrease can be attributed to having more outstanding reimbursements with the participating governments.

Table 2 compares the 2004 change in net assets to the 2003 change in net assets.

Table 2
Changes in Net Assets for 2004
Compared with 2003 activity
(in millions)

	2003	2004	Change
Program Revenues:			
Charges for Services	\$ -	\$ 0.1	\$ 0.1
Capital Grants	6.1	6.8	0.7
General Revenues:			
Operating Grants	0.3	0.3	-
Other	1.0	2.0	1.0
Total Revenues	\$ 7.4	\$ 9.2	\$ 1.8
Program Expenses			
General Government	2.0	1.1	(0.9)
Fiscal Charges	0.1	0.1	-
Interest of Long-Term Debt	4.9	6.3	1.4
Total Expenses	7.0	7.5	0.5
Excess Before Loss on Disposal	0.4	1.7	1.3
Loss on Disposal of Capital Assets	(24.9)	(8.2)	16.7
Change in Net Assets	(24.5)	(6.5)	18.0
Ending Net Assets	\$ 33.9	\$ 27.4	\$ (6.5)

2004 Governmental Activities Revenues



2004 Governmental Activities Expenses

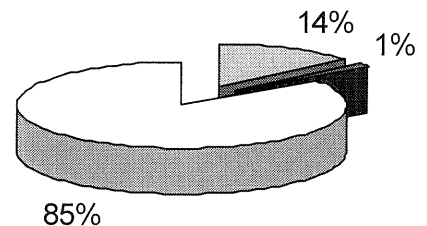


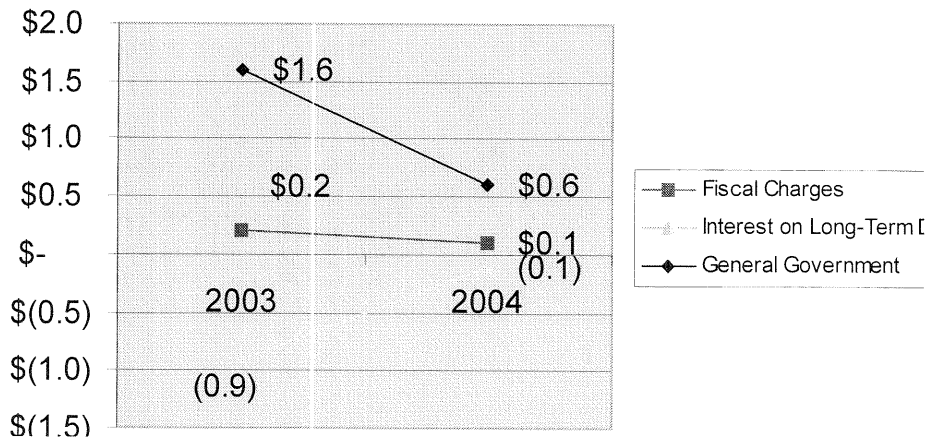
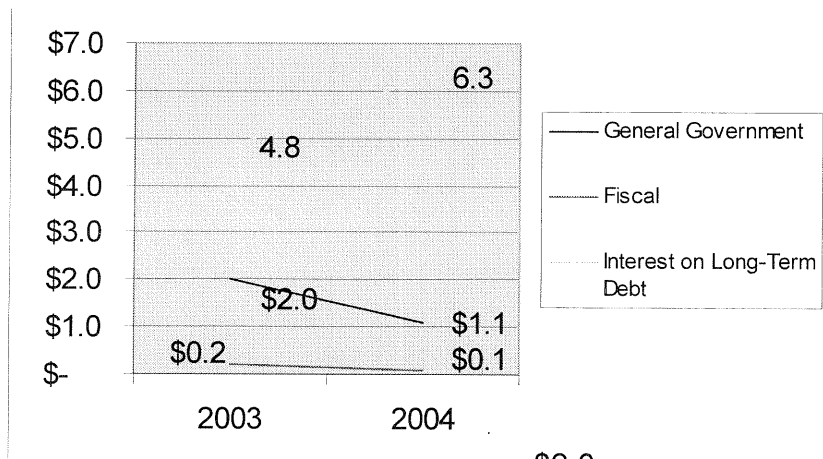
Table 3 presents the cost of each of the District's programs as well as each program's net cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the District by each of these functions.

Table 3
Governmental Activities
(in millions)

	Total Cost of Services		Net Cost of Services	
	2003	2004	2003	2004
General Government	\$ 2.0	\$ 1.1	\$ 1.6	\$ 0.6
Fiscal Charges	0.2	0.1	0.2	0.1
Interest on Long-Term Debt	4.8	6.3	(0.9)	(0.1)
Total Expenses	\$ 7.0	\$ 7.5	\$ 0.9	\$ 0.6

The decrease in general government from 2003 to 2004 of \$1.0 million can be attributed to the District's contingency payment to the Ohio Department of Transportation for administrative fees collected on the construction of the State Route 129 Extension in 2003. The money was used in connection with current projects the TID and ODOT agreed upon.

The graphs below depict the change in cost of services for the program expenses from 2003 to 2004 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)

	2003	2004	% Change
General	\$ 3.6	\$ 2.9	-19.4%
Debt Service	0.2	0.0	-100.0%
State Route 129 Extension	13.7	13.9	1.5%
State Route 747	0.0	(0.1)	-100%
Liberty Interchange	(0.1)	(0.1)	0.0%
Nonmajor Funds	0.6	1.0	66.7%
Total Governmental Balances	\$ 18.0	\$ 17.6	-2.3%

The 19.4% decrease in the **General Fund** can be credited to the District increasing expenditures throughout the year with employment changes and increased project activity. The District also collected less administration fee with fewer active projects. The fund was reimbursed from several capital projects for *start up* monies as the project funds were still in the initial phase.

The 1.5% increase in the **State Route 129 Extension Fund** is attributed to timing differences in the receipt of funds used for payment of the annual debt service requirements.

The large percentage decrease is attributed to the District maintaining the **Debt Service Fund** with a small cash balance being offset by the arbitrage payable amount.

The large percentage increase in the **Nonmajor Funds** is attributed to the District moving \$500,000 into a State Route 63 holding fund and more work involved with the State Route Bypass 4 widening fund.

Table 5 presents a summary of governmental fund revenues for the 2004 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	2004 Amount	Percent of Total	Increase (Decrease) Over 2003	Percent Increase (Decrease)
Intergovernmental	\$ 12,785,339	85.8%	\$ 698,531	5.8%
Charges for Services	65,611	0.4%	42,840	188.1%
Investment Earnings	940,632	6.3%	(17,331)	-1.8%
Change in Fair Value	(1,509)	0.0%	3,120	67.4%
Other	1,107,629	7.5%	976,656	745.7%
Total	\$ 14,897,702	100.0%	\$ 1,703,816	12.9%

The 5.8% increase in **intergovernmental revenues** and 188.1% increase in **charges for services** can be related to the District increasing the number of active projects during 2004. The District receives reimbursements from local governments and administration fees for four different projects during the year.

The 1.8% decrease in **investment earnings** is attributed to the District reducing the time to maturity of investments for some of the related investments to fulfil short term commitments necessary as spending increased during 2004.

The 745.7% increase in **other revenues** is related to the sale of the church parcel the District purchased as part of the State Route 129 Extension.

Table 6 presents the General Fund budget and the difference between the original budget and final budget for fiscal year 2004. 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	-	91,100	91,100
Investment Earnings	50,000	50,000	-
Expenditures:			
Current:			
General Government	(361,500)	(475,500)	114,000
Other Financing Uses			
Transfers Out	(1,000,000)	(500,000)	500,000

Table 7
Final Budget versus Actual Results
General Fund

	Final Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Charges for Services	91,100	67,920	(23,180)
Investment Earnings	50,000	62,875	12,875
Change in Fair Value of Investments	-	(1,509)	(1,509)
All Other	-	408	408
Expenditures:			
Current:			
General Government	(475,500)	(408,332)	(67,168)
Other Financing Uses			
Transfers Out	(500,000)	(500,000)	-

Original versus Final Budget

The District did have several changes from original to final budget for 2004. First, the District was not sure how many projects would be active during 2004 when the original budget was completed. The District conservatively forecasted nothing in **Charges for Services** but increased that amount with the final budget. The District also increased the budget for **General Government** as the District made some employment changes during the year that were not predicted when the original budget was completed.

The difference in **Transfers Out** can be attributed to the District anticipating the need to fund more capital projects than what was finally needed at the end of the year. The only transfer made was the District's decision to fund a State Route 63 holding fund.

Final Budget versus Actual Results

The variance in **Charges for Service** is attributed to the District having a larger amount of the charges for services received after fiscal year end than anticipated. The variance in **General Government** can be attributed to the District not proceeding with some additional project development and intern costs that were forecasted to occur during 2004.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District had \$11.0 million invested in construction in progress assets. This amount represents a net decrease (including additions and deletions) of \$6.5 million, or 37.4%, over the last year. The \$1.6 million of additions can be charged to the local governments continued use of the District's ability to process and relates to environmental or engineering cost. The amount is larger than the previous year since there are several engineering projects occurring during the year. The larger decrease is recognized for the District filing dedication plats for the Muhlhauser Road project. Once a project is dedicated to the participating government it is removed from the District's records. For more information on capital assets, see Note 7 of the financial statements.

Debt Administration

At year-end, the District had \$116.1 million in outstanding special obligation bonds payable versus \$122.2 million last year, a decrease of 5.0%. The fiscal year 2004 interest rate was 5.00% 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 basic financial statements.

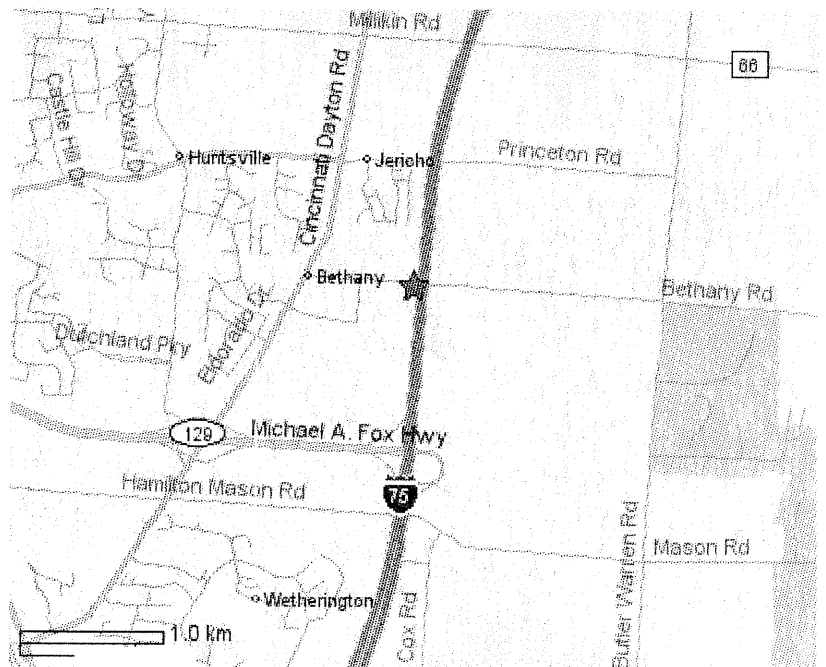
ECONOMIC FACTORS

The District has operated solely in Southeastern Butler County since its 1994 formation. The District is working on engineering for the State Route 129 Extension eastward into Liberty Township with Cox Road being a parallel connector running with Interstate 75 from the State Route 129 Extension to State Route 63. The District is also working with the local governments to proceed with the engineering to widen State Route Bypass 4.

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 Fraunfelder, CPA
Finance and Administration

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

STATEMENT OF NET ASSETS DECEMBER 31, 2004

Assets:

Current Assets:

Cash and Cash Equivalents	\$	2,930,725
Investments		206,905
Restricted Cash with Fiscal Agent		296,756
Intergovernmental Receivables		500,768
Current Portion of Long-Term Receivable		6,405,000
<i>Total Current Assets</i>		<u>10,340,154</u>

Noncurrent Assets:

Restricted Investments		14,316,606
Long-Term Receivable		109,725,000
Capital Assets - Construction in Progress		10,982,235
<i>Total Noncurrent Assets</i>		<u>135,023,841</u>
Total Assets		<u>145,363,995</u>

Liabilities:

Current Liabilities:

Accounts Payable		6,650
Contracts Payable		116,378
Accrued Wages and Benefits		7,374
Intergovernmental Payable		2,876
Accrued Interest Payable		1,451,625
Current Portion of Long-Term Debt		6,405,000
<i>Total Current Liabilities</i>		<u>7,989,903</u>

Noncurrent Liabilities:

Accrued Liabilities		263,736
Special Obligation Bonds Payable		109,725,000
Total Liabilities		<u>117,978,639</u>

Net Assets:

Invested in Capital Assets, Net of Related Debt		10,982,235
Restricted for:		
Capital Improvements		1,107,718
Debt Service		13,742,671
Unrestricted		1,552,732
Total Net Assets	\$	<u>27,385,356</u>

See accompanying notes to the financial statements

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Functions/Programs	Expenses	Program Revenues		Net Revenue and
		Charges for	Capital	Change in Net Assets
Primary Government:		Services	Grants and	Primary Government
Governmental Activities:			Contributions	Governmental
				Activities
General Government	\$ 1,078,781	\$ 79,354	\$ 404,160	\$ (595,267)
Fiscal Charges	100,089	-	-	(100,089)
Interest on Long-Term Debt	6,289,655	-	6,365,905	76,250
Total Primary Government	\$ 7,468,525	\$ 79,354	\$ 6,770,065	(619,106)
General Revenues:				
Grants and Contributions not Restricted to Specific Programs				250,000
Unrestricted Investment Earnings				940,632
Change in Fair Value of Investments				(1,509)
Miscellaneous				1,097,629
Loss on Disposal of Capital Assets				(8,198,657)
Total General Revenues and Loss on Disposal				(5,911,905)
Change in Net Assets				(6,531,011)
Net Assets - Beginning				33,916,367
Net Assets - Ending				\$ 27,385,356

See accompanying notes to the financial statements



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	<u>General</u>	<u>Debt Service</u>	<u>State Route 129 Extension</u>	<u>State Route 747</u>
Assets:				
Cash and Cash Equivalents	\$ 2,430,400	\$ -	\$ -	\$ -
Investments	206,905	-	-	-
Receivables:				
Accounts, net	-	-	-	-
Intergovernmental	258,757	-	-	39,443
Interfund Loan	251,112	-	-	-
Lease	-	116,130,000	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	-	-	-
Cash with Fiscal Agent	-	33,783	262,973	-
Investments	-	-	13,708,888	-
Total Assets	<u>\$ 3,147,174</u>	<u>\$ 116,163,783</u>	<u>\$ 13,971,861</u>	<u>\$ 39,443</u>
Liabilities and Fund Balances				
Liabilities:				
Payable:				
Accounts	\$ 6,640	\$ -	\$ -	\$ 10
Contracts	-	-	-	66,033
Accrued Wages and Benefits	7,374	-	-	-
Intergovernmental	2,876	-	-	-
Interfund Loan	-	-	39,645	41,821
Deferred Revenue	255,445	116,130,000	-	39,443
Total Liabilities	<u>272,335</u>	<u>116,130,000</u>	<u>39,645</u>	<u>147,307</u>
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	402
Debt Service	-	33,783	13,708,888	-
Unreserved, reported in:				
General	2,874,839	-	-	-
Debt Service	-	-	223,328	-
Capital Projects (Deficit)	-	-	-	(108,266)
Total Fund Balances (Deficit)	<u>2,874,839</u>	<u>33,783</u>	<u>13,932,216</u>	<u>(107,864)</u>
Total Liabilities and Fund Balances	<u>\$ 3,147,174</u>	<u>\$ 116,163,783</u>	<u>\$ 13,971,861</u>	<u>\$ 39,443</u>

See accompanying notes to the financial statements

**Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2004**

Liberty Interchange	Other Governmental Funds	Total Governmental Funds	Total Governmental Fund Balances	\$ 17,675,390
			<i>Amounts reported in governmental activities in the statement of net assets are different because:</i>	
\$ -	\$ 500,325	\$ 2,930,725	Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	10,982,235
-	-	206,905		
-	-	-		
97,681	104,887	500,768	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	116,573,092
-	-	251,112		
-	-	116,130,000		
-	607,718	607,718	Accrued interest on long-term bonds is not accounted for under modified accrual and therefore is not reported in the funds.	(1,451,625)
-	-	296,756		
-	-	13,708,888		
<u>\$ 97,681</u>	<u>\$ 1,212,930</u>	<u>\$ 134,632,872</u>	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(116,393,736)</u>
\$ -	\$ -	\$ 6,650	Net Assets of Governmental Activities	<u>\$ 27,385,356</u>
37,776	12,569	116,378		
-	-	7,374		
-	-	2,876		
59,899	109,747	251,112		
68,418	79,786	116,573,092		
<u>166,093</u>	<u>202,102</u>	<u>116,957,482</u>		
1,099,781	99,669	1,199,852		
-	-	13,742,671		
-	-	2,874,839		
-	-	223,328		
(1,168,193)	911,159	(365,300)		
<u>(68,412)</u>	<u>1,010,828</u>	<u>17,675,390</u>		
<u>\$ 97,681</u>	<u>\$ 1,212,930</u>	<u>\$ 134,632,872</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, 2004**

	<u>General</u>	<u>Debt Service</u>	<u>State Route 129 Extension</u>	<u>State Route 747</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 11,166,331	\$ 875,978
Charges for Services	65,611	-	-	-
Investment Earnings	65,974	1,295	873,363	-
Change in Fair Value of Investments	(1,509)	-	-	-
All Other	365	508,482	588,782	10,000
Total Revenues	130,441	509,777	12,628,476	885,978
Expenditures:				
Current:				
General Government	406,157	-	589,582	-
Capital Outlay	-	-	2,243	948,633
Debt Service:				
Principal	-	6,100,000	-	-
Interest and Fiscal Charges	-	6,365,905	-	-
Total Expenditures	406,157	12,465,905	591,825	948,633
Excess (Deficiency) of Revenues Over (Under) Expenditures	(275,716)	(11,956,128)	12,036,651	(62,655)
Other Financing Sources (Uses):				
Transfers In	42,725	12,485,126	699,971	-
Transfers Out	(500,000)	(699,972)	(12,522,850)	-
Total Other Financing Sources (Uses)	(457,275)	11,785,154	(11,822,879)	-
Net Change in Fund Balances	(732,991)	(170,974)	213,772	(62,655)
Fund Balances (Deficit) - beginning	3,607,830	204,757	13,718,444	(45,209)
Fund Balances (Deficit) - ending	<u>\$ 2,874,839</u>	<u>\$ 33,783</u>	<u>\$ 13,932,216</u>	<u>\$ (107,864)</u>

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, 2004**

Liberty Interchange	Other Governmental Funds	Total Governmental Funds		
			Net Change in Governmental Fund Balances	\$ (281,453)
\$ 619,847	\$ 123,183	\$ 12,785,339	Amounts reported for the governmental activities in the statement of activities are different because:	
-	-	65,611	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.	(6,564,188)
-	-	940,632		
-	-	(1,509)		
-	-	1,107,629		
619,847	123,183	14,897,702	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.	-
-	-	995,739		
550,294	216,341	1,717,511	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	338,469
-	-	6,100,000		
-	-	6,365,905	Collection of long-term receivables is not reflected in the statement of activities, whereas in governmental funds it is reported as revenue.	(6,100,000)
550,294	216,341	15,179,155		
69,553	(93,158)	(281,453)	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.	6,100,000
-	500,000	13,727,822		
-	(5,000)	(13,727,822)	In the statement of activities, interest and charges are accrued on outstanding bonds, whereas, in governmental funds, they are reported when due.	(23,839)
-	495,000	-		
69,553	401,842	(281,453)	Change in Net Assets of Governmental Activities	<u>\$ (6,531,011)</u>
(137,965)	608,986	17,956,843		
\$ (68,412)	\$ 1,010,828	\$ 17,675,390		

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

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, 2004

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, 2004*

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 State Route 129 Extension that are required to be used in payment of long-term debt.

State Route 129 Extension Capital Projects Fund – The fund accounts for the TID's construction of a 10.7 mile divided above grade interstate like roadway from the City of Hamilton to Interstate 75.

State Route 747 Capital Projects Fund – This fund accounts for the widening of State Route 747 from Tylersville Road to the State Route 129 Extension, also know as phase three of the widening project. The District completed the first phase in 2000 with the County Engineer starting construction on the second phase during 2004 to be completed in 2005. This fund is also responsible for the engineering and certain real property associated with the Princeton Road intersection in Liberty Township.

Liberty Interchange Capital Projects Fund – This project involves the reconfiguration of the current terminus of the State Route 129 Extension at Interstate 75. The interchange is being reconstructed to allow an eastward movement through a collector-distributor connection with the Hamilton-Mason Road Bridge.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues - Exchange and Non-Exchange Transactions

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

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 2004, 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 2004 amounts to \$65,974, which includes (\$964) assigned from other District funds as the capital projects run a negative balance for most of the fiscal year. The Debt Service and State Route 129 Extension capital projects fund also received interest on trust accounts of \$1,295 and \$873,363, respectively.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 2004, the District assigned ownership of \$8,198,657 in construction in progress assets to local governments (see note 7).

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.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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. The District reports a \$263,736 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, 2004

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 “Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.” The details of this \$116,573,092 are as follows:

Intergovernmental Receivables	\$443,092
Lease Receivable	116,130,000
Net Adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$116,573,092

Another 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 \$116,393,736 are as follows:

Accrued Liabilities:	
Arbitrage Payable	\$263,736
Special Obligation Bonds Payable	116,130,000
Net Adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$116,393,736

NOTE 2 – ACCOUNTABILITY AND COMPLIANCE

Fund Deficits

As of December 31, 2004, State Route 747, Liberty Interchange and State Route 4 Bypass Widening Capital Projects Funds had deficit fund balances of \$107,864; \$68,412 and \$97,215 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.

Compliance

The following funds had expenditures plus encumbrances that exceeded appropriations:

Liberty Interchange	\$581,930
State Route 4 Bypass Widening	115,122

Both funds were non-complaint based on year-end encumbrances that were outstanding for Board of Trustee’s approved contracts. The TID has a policy to do a purchase order for the entire contract amount at the initial approval of the Board.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

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 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, 2004*

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 \$2,661,668 and the bank balance was \$2,669,402. \$200,000 of bank balances were covered by federal depository insurance coverage, with \$1,378,869 having specific pledged collateral and \$1,090,533 being uninsured under federal depository coverage.

B. Investments

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.

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.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The District's Investments at December 31, 2004 are summarized below:

Investment	Maturity Year	0-1 Years Before Maturity	1-5 Years Before Maturity	6 + Years Before Maturity	Credit Rating
US Bank Money Market	2004	\$1,158	\$0	\$0	AAA/V-1+
Federal National Mort. Assoc.	2005	673,354	0	0	NA
Federal National Mort. Assoc.	2006	0	99,750	0	NA
Federal Home Loan Bank	2005	289,710	0	0	NA
Federal Home Loan Bank	2006	0	49,109	0	NA
Federal Home Loan Mort Corp	2005	267,355	0	0	NA
Guaranteed Investment Contact	2019	0	0	13,708,888	AAA
Totals		<u>\$1,231,577</u>	<u>\$148,859</u>	<u>\$13,708,888</u>	

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	\$3,227,481	\$14,523,511
<u>Investments:</u>		
Federal Home Loan Bank	(289,710)	289,710
Federal National Mortgage Association	(274,945)	274,945
Money Market Mutual Fund	(1,158)	1,158
	<u>\$2,661,668</u>	<u>\$15,089,324</u>
GASB Statement No. 3		

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 4 – INTERFUND BALANCES

Interfund balances at December 31, 2004, 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	\$251,112	\$0
Capital Projects Funds:		
State Route 129 Extension	0	39,645
State Route 747	0	41,821
Liberty Interchange	0	59,899
Nonmajor Funds	0	109,747
Total Capital Projects Funds	0	251,112
Totals	\$251,112	\$251,112

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.

NOTE 5 – TRANSFERS

The following is a summary of transfers in and out for all funds for 2004:

Fund	Transfer In	Transfer Out
General Fund	\$42,725	\$500,000
Debt Service Fund	12,485,126	699,972
Capital Projects Funds		
State Route 129 Extension Fund	699,971	12,522,850
Nonmajor Funds	500,000	5,000
Total Capital Projects Funds	1,199,971	12,527,850
Totals	\$13,727,822	\$13,727,822

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 5 – TRANSFERS (Continued)

The District completes construction projects on a reimbursement basis through participating local governments. The District must initially transfer monies 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 State Route 129 Extension 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 State Route 129 Extension Capital Projects Fund which was used to reduce the lease payment by ODOT for that period. The \$500,000 transfer from the General Fund to the nonmajor funds relates to the District's initial deposit into the State Route 63 Extension fund.

NOTE 6 – INTERGOVERNMENTAL REVENUES AND CHARGES FOR SERVICES

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

<u>Member Name</u>	<u>Contribution</u>	<u>Charge for Service</u>
Ohio Department of Transportation	\$11,416,330	\$0
Liberty Township	1,417,580	41,658
City of Hamilton	75,296	2,256
City of Fairfield	22,787	682
West Chester	53,696	1,611
Butler County	78,571	2,594
Montgomery County TID	0	16,750

Charges for service recorded in the General Fund, represent the administrative project cost related to the engineering and design projects the District had active during 2004. The District also contracted with the Montgomery County TID for providing monthly financial services.

NOTE 7 – CAPITAL ASSETS

Summary by category of changes in capital assets:

<u>Category</u>	<u>December 31, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2004</u>
Construction in Progress	\$17,546,423	\$1,634,469	\$8,198,657	\$10,982,235
Totals	<u>\$17,546,423</u>	<u>\$1,634,469</u>	<u>\$8,198,657</u>	<u>\$10,982,235</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

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%, 9.55% to fund the pension and 4% 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, 2004, 2003, and 2002 were \$12,276, \$12,235, and \$13,636, respectively, 93 percent has been contributed for fiscal year 2004 and 100 percent has been contributed for fiscal years 2003 and 2002.

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 2004 employer contribution rate (identified above) that was used to fund health care for the year 2004 was 4% of covered payroll, which amounted to \$4,995.

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, 2003. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. As of December 31, 2003, the actuarial value of net assets available for future OPEB payments was \$10.5 billion. The actuarially accrued liability and the unfunded actuarially accrued liability based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively. The number of active contributing participants for OPEB at December 31, 2003 was 369,885.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

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 State Route 129 Extension to ODOT. The lease expired on June 30, 2003 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 State Route 129 Extension 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
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	7,415,000	5,276,700	12,691,700
2009	7,820,000	4,868,875	12,688,875
2010-2014	46,425,000	18,088,513	64,513,513
2015-2017	34,280,000	3,572,381	37,852,381
	<u>\$116,130,000</u>	<u>\$49,469,844</u>	<u>\$165,599,844</u>

NOTE 10 – LONG-TERM OBLIGATIONS

	Balance December 31, 2003	Issued	Retired	Balance December 31, 2004	Due Within One Year
Governmental Activities:					
Accrued Liabilities	\$163,647	\$100,089	\$0	\$263,736	\$0
Special Obligation Bonds: 4.75-6.00% 1997					
Highway Improvement	122,230,000	0	6,100,000	116,130,000	6,405,000
Governmental Activity Long-Term Liabilities	<u>\$122,393,647</u>	<u>\$100,089</u>	<u>\$6,100,000</u>	<u>\$116,393,736</u>	<u>\$6,405,000</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

On October 1, 1997, the District issued \$158,485,000 in bonds for the purpose of acquisition, design and construction of the State Route 129 Extension 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 State Route 129 Extension interchanges. The bonds are being repaid from the Debt Service Fund with a final maturity in 2017.

The bonds are subject to federal arbitrage regulations with the first five-year installment being paid on January 7, 2003 from the Debt Service fund. The District recognized the five-percent final portion on the statement of net assets.

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

<u>Special Obligation Bonds</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	7,415,000	5,276,700	12,691,700
2009	7,820,000	4,868,875	12,688,875
2010-2014	46,425,000	18,088,513	64,513,513
2015-2017	34,280,000	3,572,381	37,852,381
	<u>\$116,130,000</u>	<u>\$49,469,844</u>	<u>\$165,599,844</u>

NOTE 11 – CONSTRUCTION COMMITMENTS

The District has several major outstanding contracts for services. The following amounts remain on these contracts as of December 31, 2004:

<u>Project and Contractor</u>	<u>Outstanding Balance</u>
Resource International – IJS Study	\$841,449
Resource International – Environmental	172,942
Resource International – Cox Road	68,501
Resource International – Hamilton-Mason Road	173,724
ME Companies – Bypass 4 Widening	112,236
KZF Inc., - State Route 747	97,016

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

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 2004, the District contracted with Cincinnati Financial 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 eight 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.



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, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Charges for Services	-	91,100	67,920	(23,180)
Investment Earnings	50,000	50,000	62,875	12,875
Change in Fair Value of Investments	-	-	(1,509)	(1,509)
All Other	-	-	408	408
Total Revenues	<u>300,000</u>	<u>391,100</u>	<u>379,694</u>	<u>(11,406)</u>
Expenditures:				
Current:				
General Government				
Personal Services	155,300	207,300	188,065	19,235
Contractual Services	189,200	240,200	196,434	43,766
Materials and Supplies	17,000	28,000	23,833	4,167
Administrative Refund - ODOT	-	-	-	-
Other	-	-	-	-
Total General Government	<u>361,500</u>	<u>475,500</u>	<u>408,332</u>	<u>67,168</u>
Deficiency of Revenues Under Expenditures	<u>(61,500)</u>	<u>(84,400)</u>	<u>(28,638)</u>	<u>55,762</u>
Other Financing Uses:				
Transfers Out	<u>(1,000,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(1,000,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Deficiency of Revenues Under Expenditures and Other Financing Uses	<u>(1,061,500)</u>	<u>(584,400)</u>	<u>(528,638)</u>	<u>55,762</u>
Fund Balance Beginning of Year	3,371,103	3,371,103	3,371,103	-
Prior Year Encumbrances	-	-	-	-
Fund Balance End of Year	<u>\$ 2,309,603</u>	<u>\$ 2,786,703</u>	<u>\$ 2,842,465</u>	<u>\$ 55,762</u>
		Budget Basis	\$ (528,638)	
		Revenue Accruals	(249,253)	
		Expenditure Accruals	1,676	
		Encumbrances	499	
		Transfer Accruals	42,725	
		GAAP Basis	<u>\$ (732,991)</u>	

See accompanying notes to the required supplementary information

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2004*

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 2004. 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 2004.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2004

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.



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.

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.

State Route 4 Bypass Widening Fund

To account for the engineering and environmental work to proceed with widening State Route 4 Bypass from the two terminus points on State Route 4. The TID will continue to seek construction funding through either OKI or ODOT's TRAC process. Over half of the estimated cost has been pledged by the City of Fairfield, City of Hamilton, Fairfield Township and Butler County.

State Route 63 Support Fund

The TID created this fund to show ODOT the County's desire to move forward with the State Route 63 Extension project. This fund will serve to initiate right of way acquisition.



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	CAPITAL PROJECTS				
	Union Centre Extension	Muhlhauser Road	State Route 4 Bypass Widening	State Route 63 Support	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 325	\$ -	\$ -	\$ 500,000	\$ 500,325
Receivables from Other Governments	-	-	104,887	-	104,887
Restricted Assets:					
Cash and Cash Equivalents	-	607,718	-	-	607,718
Total Assets	<u>\$ 325</u>	<u>\$ 607,718</u>	<u>\$ 104,887</u>	<u>\$ 500,000</u>	<u>\$ 1,212,930</u>
Liabilities:					
Contracts Payable	\$ -	\$ -	\$ 12,569	\$ -	\$ 12,569
Interfund Loan Payable	-	-	109,747	-	109,747
Deferred Revenue	-	-	79,786	-	79,786
Total Liabilities	<u>-</u>	<u>-</u>	<u>202,102</u>	<u>-</u>	<u>202,102</u>
Fund Balances:					
Fund Balances:					
Reserved for Encumbrances	-	-	99,669	-	99,669
Unreserved -(Deficit)	325	607,718	(196,884)	500,000	911,159
Total Fund Balances	<u>325</u>	<u>607,718</u>	<u>(97,215)</u>	<u>500,000</u>	<u>1,010,828</u>
Total Liabilities and Fund Balances	<u>\$ 325</u>	<u>\$ 607,718</u>	<u>\$ 104,887</u>	<u>\$ 500,000</u>	<u>\$ 1,212,930</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, 2004**

	CAPITAL PROJECTS				Total Nonmajor Governmental Funds
	Union Centre Extension	Muhlhauser Road	State Route 4 Bypass Widening	State Route 63 Support	
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 123,183	\$ -	\$ 123,183
Total Revenues	-	-	123,183	-	123,183
Expenditures:					
Capital Outlay	759	29	215,553	-	216,341
Excess (Deficiency) of Revenues Over (Under) Expenditures	(759)	(29)	(92,370)	-	(93,158)
Other Financing Sources (Uses)					
Transfers In	-	-	-	500,000	500,000
Transfers Out	-	-	(5,000)	-	(5,000)
Total Other Financing Sources (Uses)	-	-	(5,000)	500,000	495,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(759)	(29)	(97,370)	500,000	401,842
Fund Balance - Beginning of Year	1,084	607,747	155	-	608,986
Fund Balance (Deficit) - End of Year	\$ 325	\$ 607,718	\$ (97,215)	\$ 500,000	\$ 1,010,828

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, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ 200	\$ 1,500	\$ 1,295	\$ (205)
All Other	85,000	520,000	513,482	(6,518)
Total Revenues	85,200	521,500	514,777	(6,723)
Expenditures:				
Debt Service:				
Principal Retirement	6,100,000	6,100,000	6,100,000	-
Interest and Fiscal Charges	6,518,375	6,518,375	6,365,905	152,470
Total Expenditures	12,618,375	12,618,375	12,465,905	152,470
Deficiency of Revenues Under Expenditures	(12,533,175)	(12,096,875)	(11,951,128)	145,747
Other Financing Sources (Uses):				
Transfers In	12,618,875	13,008,875	12,485,126	(523,749)
Transfers Out	(2,500)	(700,000)	(699,972)	28
Total Other Financing Sources (Uses)	12,616,375	12,308,875	11,785,154	(523,721)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	83,200	212,000	(165,974)	(377,974)
Fund Balance Beginning of Year	199,757	199,757	199,757	-
Fund Balance End of Year	\$ 282,957	\$ 411,757	\$ 33,783	\$ (377,974)

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE ROUTE 129 EXTENSION CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 12,618,875	\$ 11,200,000	\$ 11,166,331	\$ (33,669)
Investment Earnings	2,500	875,000	873,363	(1,637)
Total Revenues	12,621,375	12,075,000	12,039,694	(35,306)
Expenditures:				
Current:				
General Government	-	592,000	589,582	2,418
Capital Outlay	4,000	4,000	2,243	1,757
Total Expenditures	4,000	596,000	591,825	4,175
Excess of Revenues Over Expenditures	12,617,375	11,479,000	11,447,869	(31,131)
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	-	600,000	588,782	(11,218)
Transfers In	-	700,000	699,971	(29)
Transfers Out	(12,618,875)	(13,008,875)	(12,485,126)	523,749
Total Other Financing Sources (Uses)	(12,618,875)	(11,708,875)	(11,196,373)	512,502
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,500)	(229,875)	251,496	481,371
Fund Balance Beginning of Year	13,718,447	13,718,447	13,718,447	-
Fund Balance End of Year	\$ 13,716,947	\$ 13,488,572	\$ 13,969,943	\$ 481,371

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 1,309,394	\$ 1,309,394	\$ 673,868	\$ (635,526)
Total Revenues	1,309,394	1,309,394	673,868	(635,526)
Expenditures:				
Capital Outlay	1,104,528	1,084,528	1,666,458	(581,930)
Excess of Revenues Over Expenditures	204,866	224,866	(992,590)	(1,217,456)
Fund Balance (Deficit) Beginning of Year	(536,716)	(536,716)	(536,716)	-
Prior Year Encumbrances	315,467	315,467	315,467	-
Fund Balance (Deficit) End of Year	\$ (16,383)	\$ 3,617	\$ (1,213,839)	\$ (1,217,456)

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE ROUTE 747 FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 340,000	\$ 1,090,000	\$ 875,978	\$ (214,022)
All Other	1,000,000	-	10,000	10,000
Total Revenues	<u>1,340,000</u>	<u>1,090,000</u>	<u>885,978</u>	<u>(204,022)</u>
Expenditures:				
Capital Outlay	<u>1,325,000</u>	<u>1,043,000</u>	<u>944,176</u>	<u>98,824</u>
Deficiency of Revenues Under Expenditures	<u>15,000</u>	<u>47,000</u>	<u>(58,198)</u>	<u>(105,198)</u>
Fund Balance (Deficit) Beginning of Year	(125,946)	(125,946)	(125,946)	-
Prior Year Encumbrances	80,416	80,416	80,416	-
Fund Balance (Deficit) End of Year	<u>\$ (30,530)</u>	<u>\$ 1,470</u>	<u>\$ (103,728)</u>	<u>\$ (105,198)</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, 2004**

UNION CENTRE EXTENSION FUND

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital Outlay	-	1,084	759	325
Deficiency of Revenues Under Expenditures	-	(1,084)	(759)	325
Fund Balance Beginning of Year	1,084	1,084	1,084	-
Prior Year Encumbrances	-	-	-	-
Fund Balance End of Year	\$ 1,084	\$ -	\$ 325	\$ 325

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, 2004**

	MUHLHAUSER ROAD FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital Outlay	607,747	200	29	171
Deficiency of Revenues Under Expenditures	(607,747)	(200)	(29)	171
Fund Balance Beginning of Year	607,747	607,747	607,747	-
Fund Balance End of Year	\$ -	\$ 607,547	\$ 607,718	\$ 171

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, 2004**

PRINCETON ROAD AT STATE ROUTE 4 BYPASS

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Total Expenditures				-
Excess of Revenues Over Expenditures	-	-	-	-
Fund Balance (Deficit) Beginning of Year	6,853	6,853	6,853	-
Fund Balance (Deficit) End of Year	\$ 6,853	\$ 6,853	\$ 6,853	\$ -

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, 2004**

	STATE ROUTE 4 BYPASS WIDENING			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 157,600	\$ 200,000	\$ 98,082	\$ (101,918)
Total Revenues	157,600	200,000	98,082	(101,918)
Expenditures:				
Capital Outlay	157,600	200,100	315,222	(115,122)
Deficiency of Revenues Under Expenditures	-	(100)	(217,140)	(217,040)
Fund Balance Beginning of Year	155	155	155	-
Fund Balance End of Year (Deficit)	\$ 155	\$ 55	\$ (216,985)	\$ (217,040)

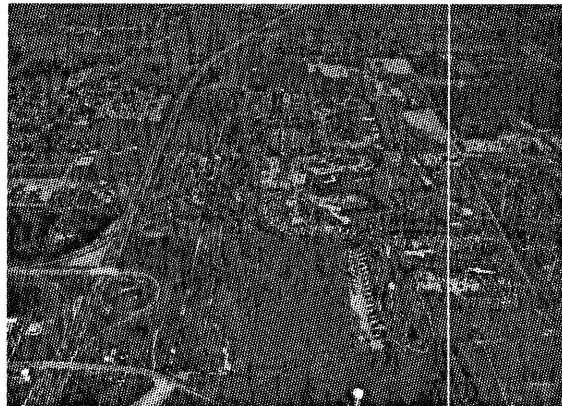
TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**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, 2004**

	STATE ROUTE 63 SUPPORT FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Total Expenditures	-	-	-	-
Deficiency of Revenues Under Expenditures	-	-	-	-
Other Financing Sources:				
Transfers In	-	500,000	500,000	-
Excess of Revenues and Over Other Financing Sources Over Expenditures	-	500,000	500,000	-
Fund Balance Beginning of Year	-	-	-	-
Fund Balance End of Year	\$ -	\$ 500,000	\$ 500,000	\$ -



Liberty Interchange

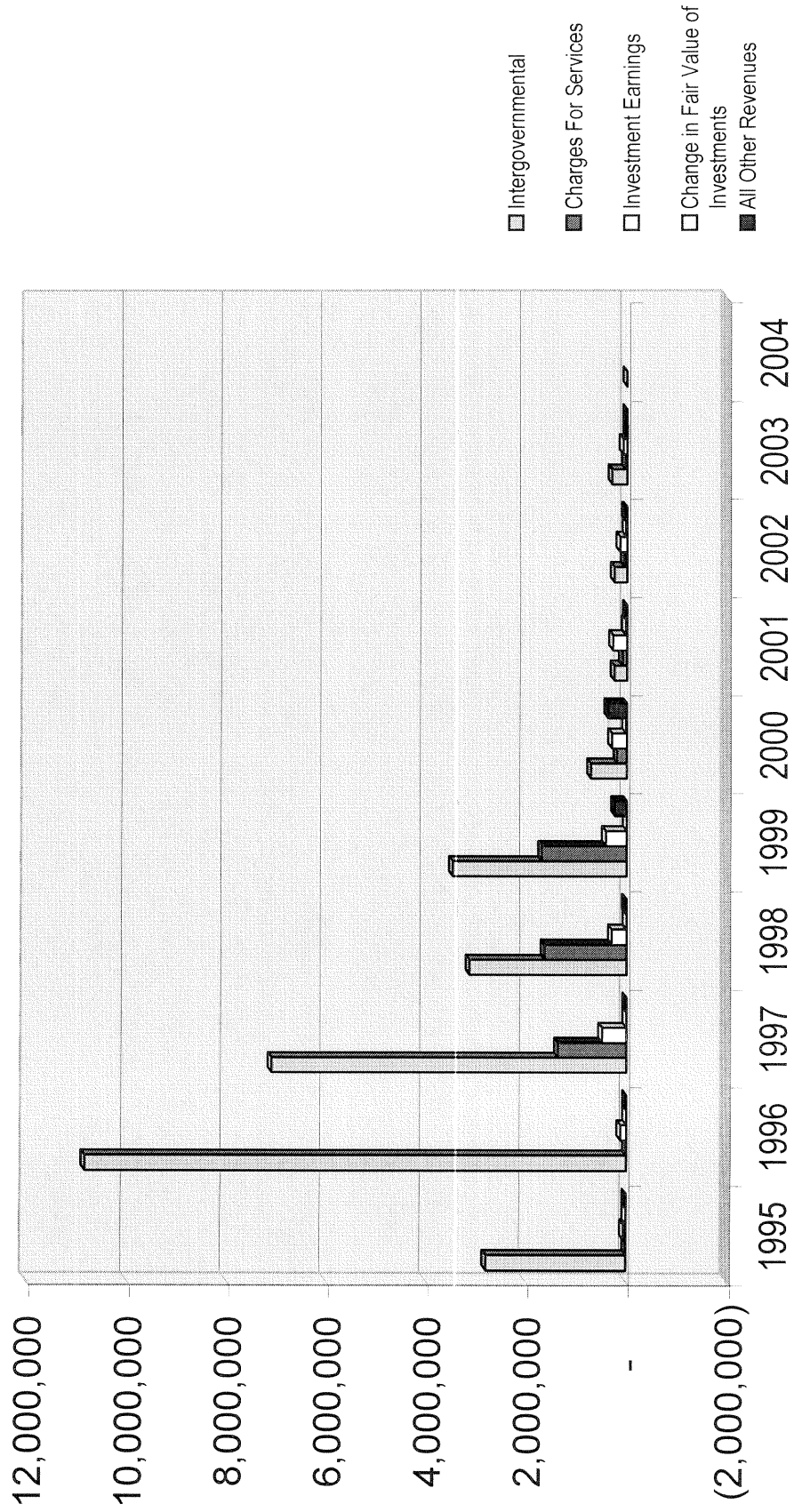


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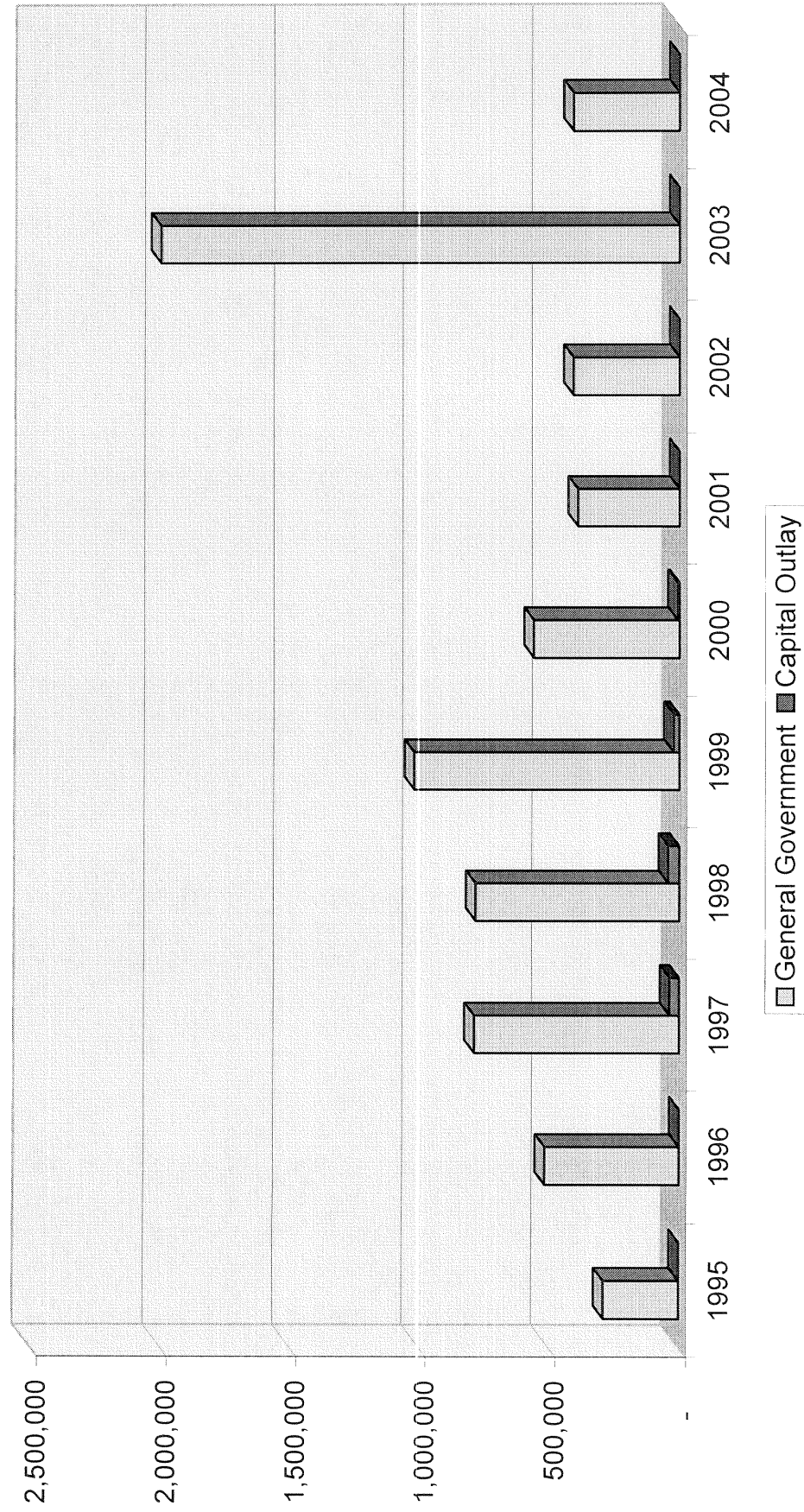
Transportation Improvement District of Butler County, Ohio

General Fund Revenues by Source Last Ten Years



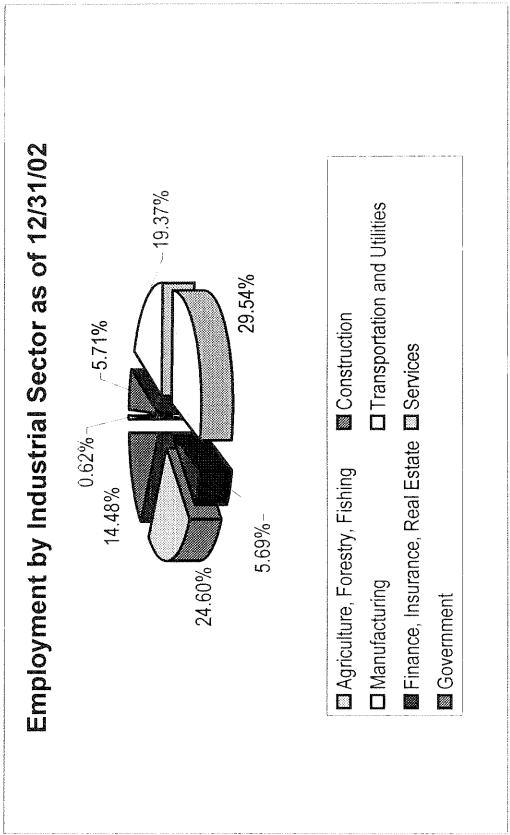
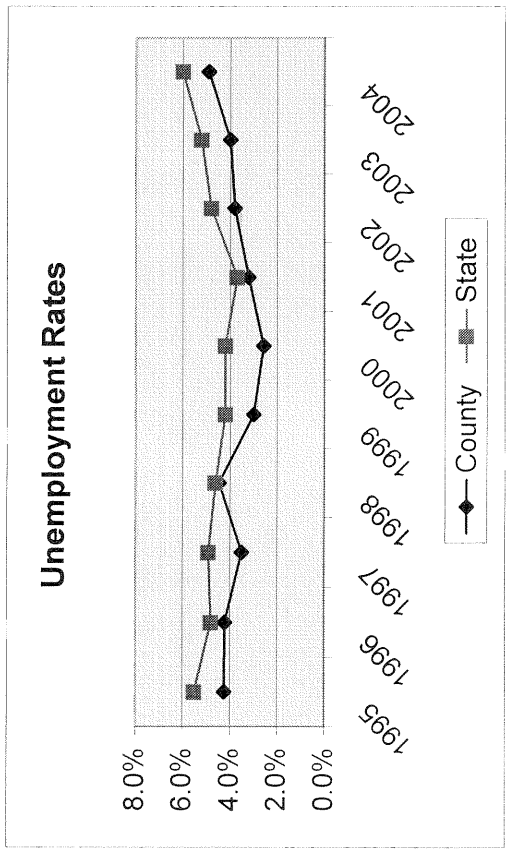
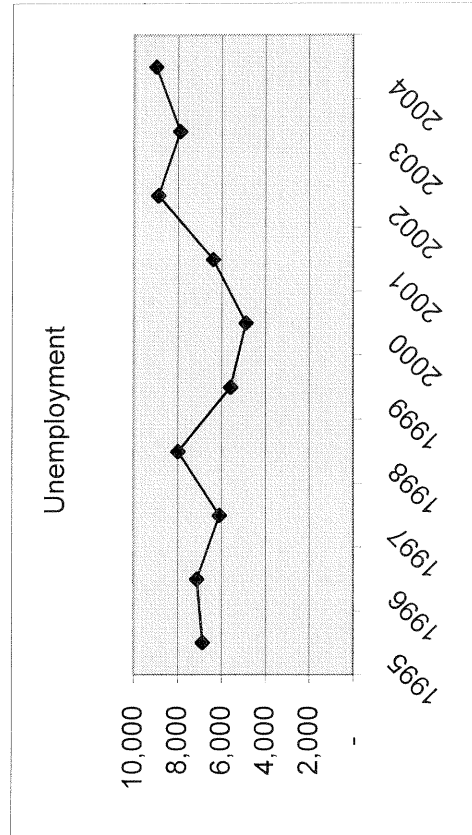
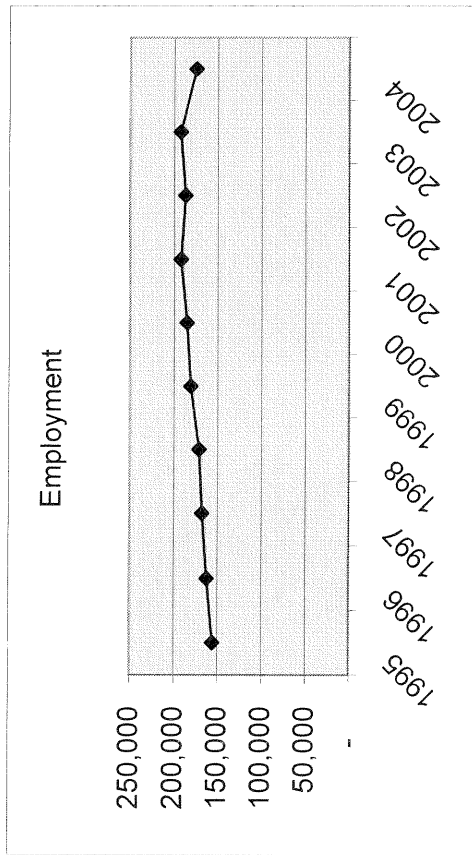
Source: Transportation Improvement District

General Fund Expenditures by Function Last Ten Years



**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
 DEMOGRAPHIC STATISTICS
 DECEMBER 31, 2004**

Labor Force Statistics



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

ASSESSED VALUE, NEW CONSTRUCTION AND BANK DEPOSITS

LAST TEN 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>
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	4,990,028,970	722,971,490	204,171,630	1,136,994,000
2002	5,144,613,220	766,473,543	177,181,250	1,257,078,000
2003	6,043,237,390	724,768,577	178,991,690	1,355,739,000
2004	6,175,495,560	739,614,001	173,316,020	1,466,791,000

(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, 2004

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)
(State Route 129)

Source: Transportation Improvement District



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

Board of Trustees
Transportation Improvement District of 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, 2004, which collectively comprise its basic financial statements, and have issued our report thereon dated April 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2004-01.

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

BKD, LLP

April 8, 2005

**Butler County Transportation Improvement District
Schedule of Findings and Responses
Year Ended December 31, 2004**

Reference Number	Finding
2004-01	<p>Criteria or Specific Requirement – Compliance</p> <p>Condition – The District had expenditures plus encumbrances that exceeded appropriations.</p> <p>Context – In 2004, the Liberty Interchange fund had expenditures plus encumbrances that exceeded appropriations by \$581,930. The fund was non-compliant based on year-end encumbrances that were outstanding for Board of Trustee’s approved contracts.</p> <p>Effect – Appropriations were exceeded by expenditures plus encumbrances.</p> <p>Cause – The outstanding encumbrances at year-end caused the expenditures plus encumbrances to exceed appropriations.</p> <p>Recommendation – Management should monitor expenditures and encumbrances more closely to ensure appropriations are not exceeded.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management concurs with the finding and recommendation. Management noted that this occurred due to approximately \$1.1 million dollars of outstanding encumbrances at year-end. Management will monitor the expenditures and encumbrances more closely to avoid this occurrence in future years.</p>



**Auditor of State
Betty Montgomery**

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

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800-282-0370

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BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

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
AUGUST 9, 2005**