

**TRANSPORTATION IMPROVEMENT  
DISTRICT OF BUTLER COUNTY, OHIO**

Single Audit Reports

December 31, 2007





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Transportation Improvement District of Butler County  
1921 Fairgrove Ave.  
Hamilton, Ohio 45011

We have reviewed the *Independent Auditors' Report* of the Transportation Improvement District of Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2007 through December 31, 2007. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 12, 2008

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# TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

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**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2007

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
<i>Passed through Ohio Department of Transportation</i>				
Highway Planning and Construction	75899	20.205	<u>2,698,088</u>	<u>2,698,088</u>
Total U.S. Department of Transportation			<u>2,698,088</u>	<u>2,698,088</u>
Total Federal Awards			\$ <u>2,698,088</u>	<u>2,698,088</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

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



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

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

To the Board of Trustees  
Transportation Improvement District of Butler County, Ohio:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Transportation Improvement District of Butler County, Ohio (the District) as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

#### Compliance And Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated May 19, 2008.

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

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
May 19, 2008



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees  
Transportation Improvement District of Butler County, Ohio:

Compliance

We have audited the compliance of Transportation Improvement District of Butler County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

## Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
May 19, 2008

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**

Schedule of Findings and Questioned Costs

Year Ended December 31, 2007

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

**Federal Awards**

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings disclosed that are required To be reported in accordance with section 510(a) of OMB Circular A-133?	none
Identification of major programs:	
<i>CFDA 20.205 Highway Planning and Improvement Grant</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	no

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.



## Comprehensive Annual Financial Report For the Year Ended December 31, 2007



### **Liberty Interchange Partners at the December Project Groundbreaking**

(left to right)

- Commissioner Charles Furmon - Butler County
- Trustee Patrick Hiltman - Liberty Township Township
- Commissioner Don Dixon - Butler County
- Ronald Porter - Butler County TID Executive Director
- Trustee Catherine Stoker - West Chester Township
- Trustee Christine Matacic - Liberty Township Township
- Trustee David Kern - Liberty Township Township
- Jim Blount - Butler County TID Board Chairman
- Gregory Wilkens - Butler County Engineer/BCTID Secretary-Treasurer
- Commissioner Gregory Jolivette - Butler County
- Trustee George Lang - West Chester Township



***Transportation Improvement District  
of Butler County, Ohio***



**Comprehensive Annual Financial Report**  
For the Year Ended December 31, 2007

Prepared by: Sean Fraunfelter, CPA - Finance Department

# Transportation Improvement District of Butler County, Ohio

## Comprehensive Annual Financial Report

### For the Year Ended December 31, 2007

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# INTRODUCTORY

# SECTION



TID Board Members and staff gather at the State Route 747 Phase 3 opening. This phase completes the widening of SR 747 from State Route 129 to the southern County line.

May 19, 2008

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, 2007. 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 2007.

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.

## **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 City of Hamilton appointed one of their positions that represents the Cities of Middletown, Monroe and Trenton. The Board of Trustees appointed a representative from the City of Oxford as their board appointment. With these changes, the TID Board and local governments have worked to broaden the reach of the TID.

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. The Executive Director of the TID, also hired 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 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.

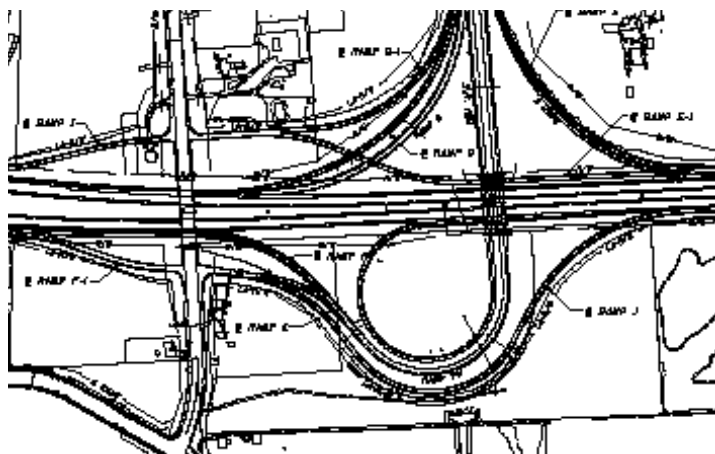
## MAJOR INITIATIVES - *TID breaks ground on Interchange Project*

### *Liberty Interchange*

Liberty Township has experienced substantial economic development from the State Route 129 Extension at Cincinnati-Dayton Road over the past year as Cincinnati Children's Hospital is nearly open with a full service facility just to northwest of the Interchange and the Health Alliance has significantly completed their multiple story hospital facility building.

The Township anticipates more commercial usage 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 modifying the State Route 129 Extension into a full interchange at Interstate 75. The TID started extending Cox Road from Hamilton-Mason Road, where it currently ends, north through Liberty 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 (current design on right). The TID has received approval from the Federal Highway Administration for approval. The engineering work was started in 2004 on both Hamilton-Mason Road and Cox Road with Cox Road under construction in December 2007 and Hamilton-Mason Road to start in early 2008.



In December 2007, the TID, in partnership with Liberty Township, held a groundbreaking at the intersection of Cox and Hamilton-Mason Roads. The groundbreaking was a tremendous step forward proving to the community, the TID partners and potential developers that the interchange is a reality. The interchange improvements will start in the Spring of 2008 and will be managed by the Ohio Department of Transportation.

Completion is expected in the fall of 2009 for the Interchange and all related infrastructure improvements included in the overall project.



During 2007, the TID, Butler County, Liberty Township and West Chester Township worked very hard to determine the financing plan and desired timing of construction for the project. The original concept of the Liberty Interchange is 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. The financing documents were put together with local government pledges enabling the District to issue \$41,130,000 to finance the Liberty Interchange project in February 2007.

### *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 completed that project during 2005.

The TID received funding through OKI for phase three of the project, from Tylersville Road to State Route 129. During 2006, the TID purchased all the right-of-way necessary to widen the road. Over the winter, the related utilities were in the project area to relocate their necessary pieces. The TID successfully bid the project in the February 2007 and started construction shortly thereafter. The TID, with Liberty and West Chester Townships, held a ribbon cutting/road opening in December 2007 for the completion of the widening project. The project will be finalized from a construction standpoint in early 2008 but opened for traffic in December. The picture is the grand parade on opening day.



### *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 of a critical roadway needing improvement for the county. 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.

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.

Today, the amount of traffic on the Bypass has called for a new design concept called a "Superstreet" that would be required at two of the intersections. For example, the superstreet design at Ohio 4 Bypass and Hamilton-Mason Road, a driver west-bound on Hamilton-Mason -- in order to continue west on that road -- would (1) turn right, or northbound, onto the bypass, (2) proceed to the left to the median crossover, (3) make a left U-turn onto the southbound bypass lanes and (4) then turn right at Hamilton-Mason. Through traffic on the bypass would continue without turns. The TID has started working with the engineering consultant to move forward with this process. The TID has secured \$2.95 million in highway safety money for the Symmes Road intersection improvements and \$1.2 million in grant money for the engineering design.

The TID has been working with the City of Hamilton and Fairfield Township to complete the funding for the engineering and construction on Phase 2 (Symmes Road) and Phase 3 (north from Phase 2 to south of Hamilton Mason Road). The City of Fairfield has proceeded with their portion of the engineering project as a separate project, also known as Phase 4, but is still involved with the workgroup to make sure both projects do work together. Phase I will be completed by the Butler County Engineer and involves the intersection at Hamilton-Mason Road.

## **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.

## **TID INTERNAL CONTROLS**

In developing and evaluating the TID's accounting system, consideration is given to the adequacy of internal accounting control. Internal accounting controls are designed to provide reasonable assurance regarding: 1. The safeguarding of assets against loss from unauthorized use or disposition or 2. The reliability of financial records for preparing financial statements and maintaining accountability of assets. The TID has a small staff for complete segregation of duties but everything is done to the best of the current staffing abilities to ensure as many internal controls over cash, check writing and authorizations are in place.

## **SIGNIFICANT FINANCIAL POLICIES**

The TID operates through administrative fees with local governments that participate in TID projects. The TID has the ability to purchase land that is not considered for right of way purposes and hold for future resale. The TID has significant land along Hamilton Mason Road that will be critical to the long term financial health of the TID, as well as, provide possible funding alternatives to its project base.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The TID operates from four financial sources: a state 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.

From a long term financial planning perspective, the TID board asked for a special presentation in October 2006 to address the finances for the TID under several different scenarios. The board realized that maintaining the state grant is critical, and also is looking at other revenue generating options. The TID is expected to continue working on projects within the county for many years to come.

## CASH MANAGEMENT

Operating cash temporarily idle during the year was invested in higher yielding saving accounts. 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 has also placed a significant portion of the free cash flow into land held for resale that could provide a continued revenue source for the TID in the future. 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.

The TID issued over \$41 million in revenue bonds for the Liberty Interchange project. Those funds were invested in specific timed investments of certificates of deposit or U.S. governmental agency notes based on the related investment draw schedule. The TID earned \$1,423,995 in interest on those related trust accounts during 2007.

## 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 eleven years. The TID works with 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 twelve years.

## AUDIT

An audit team from Clark Schaefer Hackett & Company has performed this year's audit. The results of the audit are presented in the Independent Auditors 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, 2006. This was the twelfth consecutive year that the TID has received this award for excellence and the eighth 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, 2007.

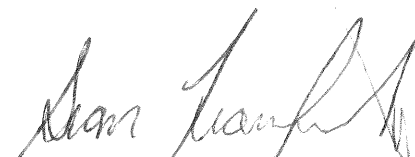
Respectfully submitted,



Ronald H. Porter, P.S.  
Executive Director



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



Sean Fraunfelter, CPA  
Finance and Administration



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Butler County

Transportation Improvement  
District, Ohio

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

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



*Clare S. Cox*

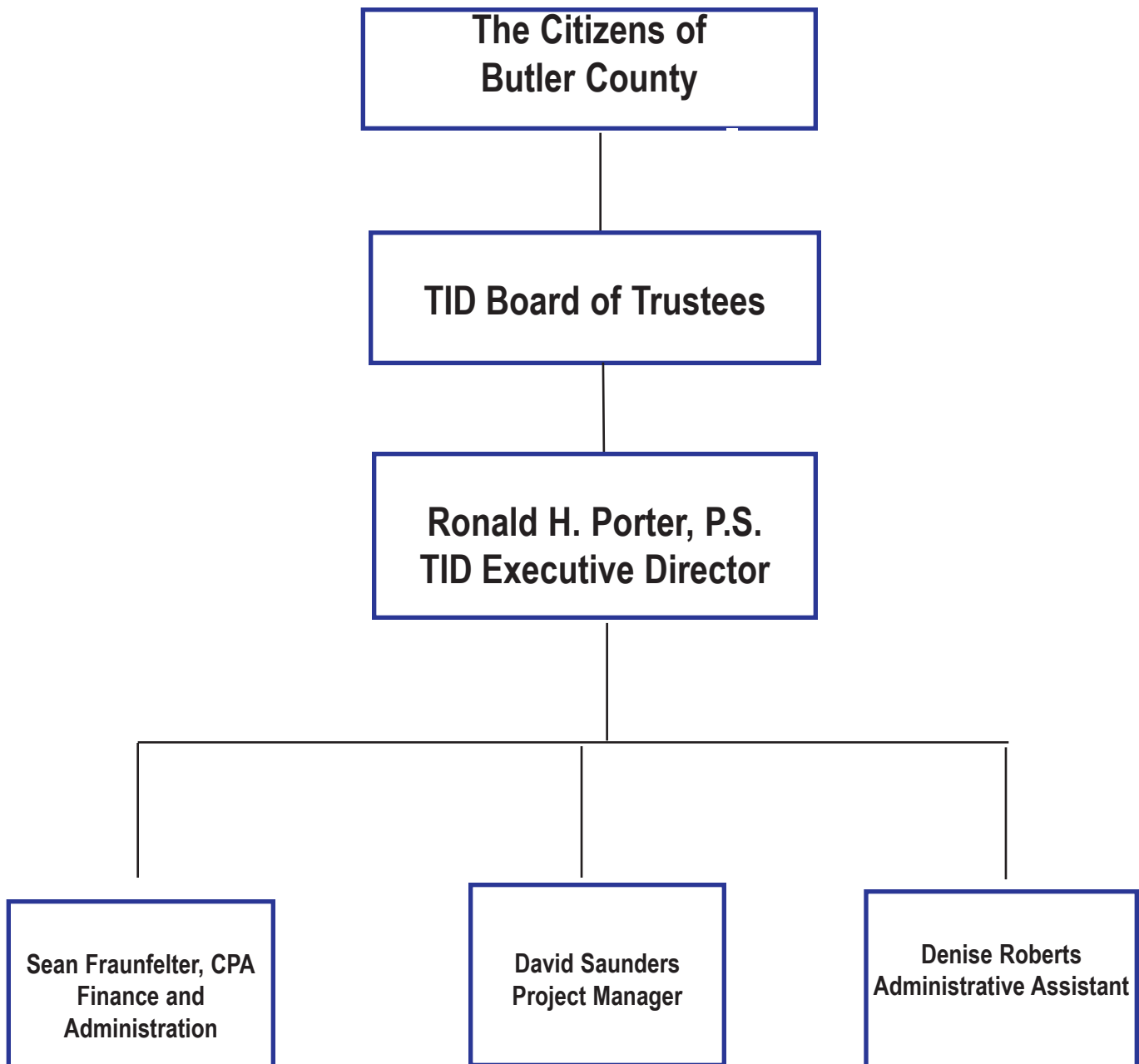
President

*Jeffrey R. Emer*

Executive Director



## **2007 Staff Organizational Chart**



BUTLER  
COUNTY

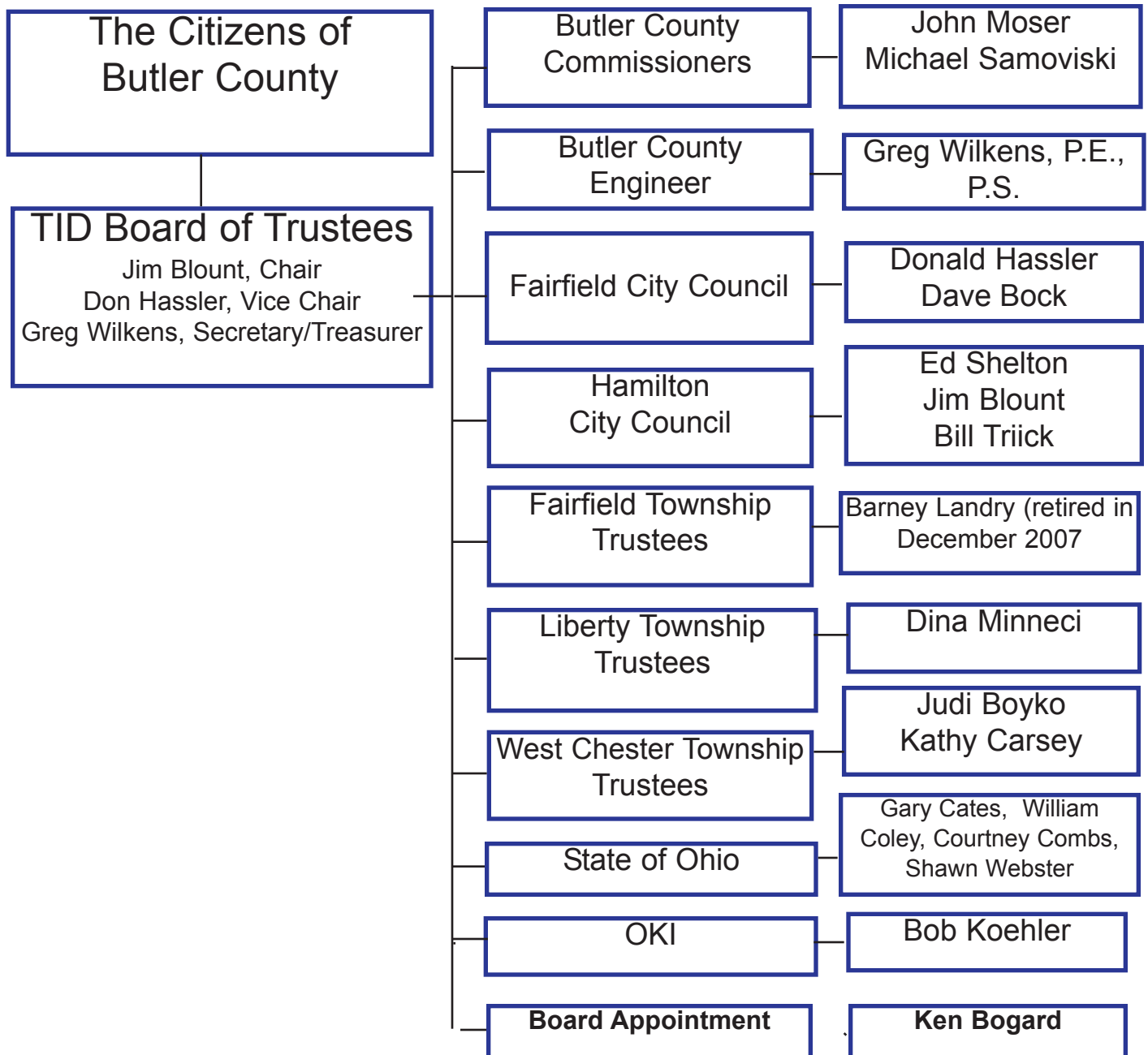


TID

TRANSPORTATION IMPROVEMENT DISTRICT

**2007 Board of Trustees**

**Organizational Chart**



# FINANCIAL

# SECTION



The TID was required to build a retaining wall on the State Route 747 project near the church. This wall was designed in part to help the church preserve the necessary parking spaces for their needs



The Cox Road extension is under way as the TID awarded the contract to SK Construction in the fall of 2007. The additional roadway will help advance development on the eastern side of the Liberty Interchange.



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Transportation Improvement District of Butler County, Ohio:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio (the District) as of and for the year ended December 31, 2007, 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 applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio as of December 31, 2007, 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 May 19, 2008, 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 Management's Discussion and Analysis and the budgetary information on pages 3-10 and 33-35, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 Transportation Improvement District of Butler County, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
May 19, 2008

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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, 2007. 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 increased \$3.4 million which represents a 20.3 percent increase from 2006 as the District recovered out of pocket expenses from the issuance of special obligations bonds and recouped a significant portion of expenses related to the Liberty Interchange project.
- General revenues accounted for \$1.7 million in revenues or 22.7 percent of all revenues. Program specific revenues in the form of charges for services and capital grants accounted for \$5.6 million or 77.3 percent of all revenues.
- The District added \$16.6 million in capital assets during the current year mainly through preparing the Liberty Interchange projects for the construction phase and completing the third phase of SR 747.
- The District had \$4.0 million in expenses related to governmental activities with \$5.6 million in program revenues to cover the cost of those programs. Of the \$4.0 million, \$2.3 million related to operating and project activity for the District as the remaining costs were associated with the special obligation bond interest.
- Among the major funds, the Liberty Interchange fund had expenses of \$16.5 million as the District started acquiring right of way for the project. The District also issued over \$41 million of bonds to pay for the purchases and related construction.

**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

### Major Funds

#### Fund Financial Statements

- General
- State Route 747
- Liberty Interchange

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.

*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 18-32 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 and statistical information which can be found on pages 33-60 of this report.

## THE DISTRICT AS A WHOLE

The District's total net assets changed dramatically from a year ago, increasing from \$16.5 million to \$19.9 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)

	2006	2007
Current and other assets	\$ 2.1	\$ 32.0
Capital assets	15.0	32.8
Total Assets	17.1	64.8
Long-term obligations	(0.5)	(42.7)
Other liabilities	(0.1)	(2.2)
Total Liabilities	(0.6)	(44.9)

	2006	2007
Net assets:		
Invested in capital assets	\$ 15.0	\$ 16.5
Restricted	-	1.7
Unrestricted	1.5	1.7
Total net assets	\$ 16.5	\$ 19.9



Net assets of the District's activities increased 20.3 percent or \$3.4 million. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased from \$1.6 million to \$1.7 million at the end of 2007. The District is carrying the cost of several parcels of land at Liberty Interchange from its operating account. The proceeds of the bonds have not been completely spent as of December 31, 2007.

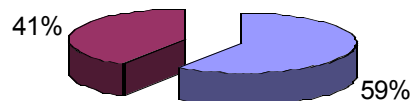
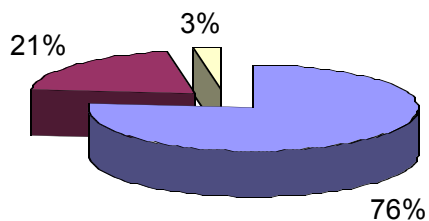
Table 2 compares the 2007 change in net assets to the 2006 change in net assets.

**Table 2**  
**Changes in Net Assets for 2007**  
**Compared with 2006 activity**  
(in millions)

	2006	2007	Change
Program Revenues:			
Charges for Services	\$ 0.1	\$ -	\$ (0.1)
Capital Grants	1.9	5.6	3.7
General Revenues:			
Operating Grants	0.5	-	(0.5)
Other	0.6	1.7	1.1
Total Revenues	3.1	7.3	4.2
Program Expenses			
General Government	1.7	2.3	0.6
Fiscal Charges	12.2	-	(12.2)
Interest of Long-Term Debt	0.5	1.6	1.1
Total Expenses	14.4	3.9	(10.5)
Change in Net Assets	(11.3)	3.4	14.7
Beginning Net Assets	27.8	16.5	(11.3)
Ending Net Assets	\$ 16.5	\$ 19.9	\$ 3.4

**2007 Governmental Activities Revenues**

**2007 Governmental Activities Expenses**



■ Capital Grants ■ Interest ■ Other

■ General Government ■ Interest on Long-Term Debt

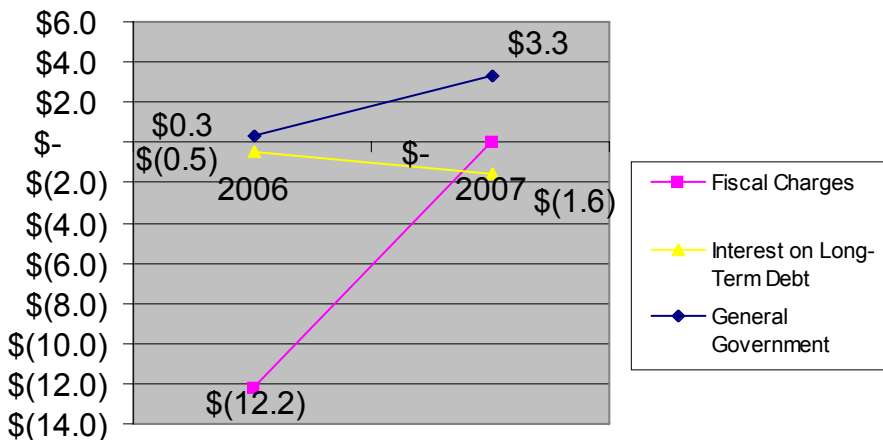
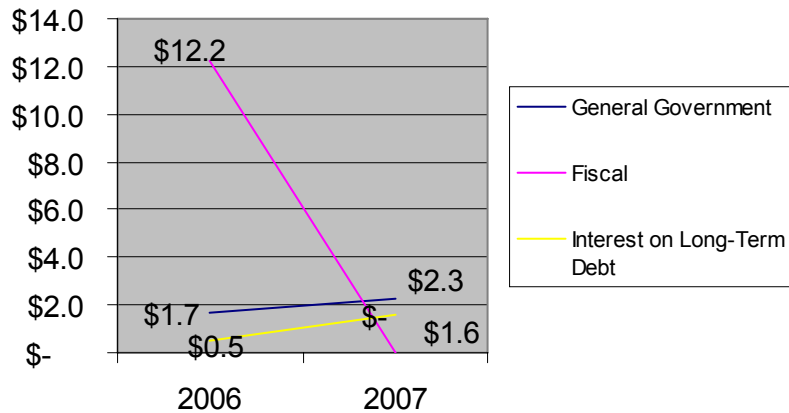
Table 3 presents the cost of each of the District's programs as well as each program's net cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the District by each of these functions.

**Table 3**  
**Governmental Activities**  
(in millions)

	Total Cost of Services		Net Cost of Services	
	2006	2007	2006	2007
General Government	\$ 1.7	\$ 2.3	\$ 0.3	\$ 3.3
Fiscal Charges	12.2	-	(12.2)	-
Interest on Long-Term Debt	0.5	1.6	(0.5)	(1.6)
<b>Total Expenses</b>	<b>\$ 14.4</b>	<b>\$ 3.9</b>	<b>\$ (12.4)</b>	<b>\$ 1.7</b>

The increase in general government from 2006 to 2007 of \$0.6 million can be attributed additional legal costs related to project acquisition, increased overhead as the District had more activity and additional study were completed that were not capitalized. The District monitors the operating costs very closely as the District is funded through a very limited revenue sources and does not expect the local governments to fund operations other than through fees associated with a specific project. The fiscal charges in 2006 related to the additional costs to retire the special obligations bonds in the ODOT early payment. The transaction was a one time transaction and did not occur during 2007.

The graphs below depict the change in cost of services for the program expenses from 2006 to 2007 and also shows 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  
Year End Fund Balances  
in (Millions)

	2006	2007	% Change
General	\$ 3.3	\$ 2.8	-15.2%
Debt Service	0.4	-	-100.0%
State Route 129 Extension	0.0	-	-100.0%
State Route 747	(0.2)	(0.9)	-450.0%
Liberty Interchange	(2.2)	27.3	1331.2%
Nonmajor Funds	(0.1)	-	100.0%
Total Governmental Balances	\$ 1.2	\$ 29.2	2313.2%

The 15.2% decrease in the **General Fund** can be credited to the District not receiving the ODOD grant for fiscal year 2007 as the process was delayed. The District also paid for additional operating costs as the District was more active in 2007. The District continues to monitor operational expenses while increasing construction project activity.

The 100% decrease in the **Debt Service and State Route 129 Extension Funds** is attributed to the funds no longer being reported as major funds for the District and are included in the nonmajor funds.

The 450% decrease for the **State Route 747 Fund** is attributed to the additional work for construction of the project not reimbursed at this point.

The 1331% increase for the **Liberty Interchange Fund** is attributed to the issuance of special obligation bonds to finance the construction of the interchange project. The majority of this money (\$28.9 million) is restricted for debt service and future construction for the project.

The 100% increase in the **Nonmajor Funds** is attributed to the reimbursement of expenses in the State Route Bypass 4 widening project.

Table 5 presents a summary of governmental fund revenues for the 2007 fiscal year and the amounts and percentages of increases and decreases in relation to the prior year.

Table 5  
Total Governmental Fund Revenues

			Increase (Decrease)	Percent Increase (Decrease)
<b>Revenue Source</b>	2007 Amount	Percent of Total	Over 2006	
Intergovernmental	\$ 5,552,956	76.8%	\$ 3,517,139	172.8%
Charges for Services	24,172	0.3%	(62,571)	-72.1%
Investment Earnings	1,486,437	20.6%	975,901	191.2%
Change in Fair Value	164,276	2.3%	165,651	67.4%
Other	5,332	7.5%	(41,149)	-88.5%
<b>Total</b>	<b>\$ 7,233,173</b>	<b>100.0%</b>	<b>\$ 4,554,971</b>	<b>170.1%</b>

The 173% increase in **intergovernmental revenues** is related to ODOT receipts for reimbursement of the State Route 747 construction project and payments received from Liberty Township for debt service payments on the Liberty Interchange debt financing. The 72% decrease in **charges for services** can be related to the District's not drawing down any fees on the Liberty Interchange for 2007. The District is waiting until 2008 when final budgets on two phases are completed to see where the funding rests with the project.

The 191% increase in **investment earnings** is attributed the debt proceeds being invested for the Liberty Interchange project. The 89% decrease in **other revenues** is related to the 2006 reimbursements the District received for out of pocket lease termination costs in the financing with ODOT.

Table 6 presents the General Fund budget and the difference between the original budget and final budget for fiscal year 2007. 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
<b>Revenues:</b>			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Charges for Services	127,000	56,000	(71,000)
Investment Earnings	30,000	45,000	15,000
Other	70,000	-	(70,000)
<b>Expenditures:</b>			
Current:			
General Government	(672,750)	(641,550)	(31,200)

Table 7  
Final Budget versus Actual Results  
General Fund

	Final Budget	Actual	Variance
<b>Revenues:</b>			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Charges for Services	56,000	28,879	(27,121)
Investment Earnings	45,000	43,356	(1,644)
All Other	-	5,332	5,332
<b>Expenditures:</b>			
Current:			
General Government	(641,550)	(560,724)	80,826

### Original versus Final Budget

The District had significant changes from original to final budget for 2007. First, the District had anticipated drawing administrative fees on components of the Liberty Interchange project but with budget constraints delayed drawing those fees (**Charges for Services**) for the District until 2008. The District reduced the budget for **Other Revenue** as it became apparently that District's loan to Butler County Economic Development for an electric lock switch would not be repaid.

### Final Budget versus Actual Results

The variance in **General Government** can be attributed to the consolidating offices with the Butler County Engineer in 2008 instead of costs expected for another location. The District also terminated a contractual relationship with a lobbyist that was budgeted for the entire year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At year-end, the District had \$31.6 million invested in land held for resale and construction in progress assets. This amount represents a net increase (including additions and deletions) of \$16.6 million, or 110%, over the last year. The large increase was caused by the right of way acquisition with the Liberty Interchange project as well as construction of phase three of the State Route 747 widening project. For more information on capital assets, see Note 6 of the financial statements.

### Debt Administration

During the year, the District issued \$41.1 million in special obligation bonds for construction of the Liberty Interchange related projects. The debt is backed by intergovernmental agreements with Liberty Township, Butler County and West Chester Township. The project financing would not have occurred without the commitment of those governments. The bonds were issued at a \$1.6 million premium to cover the first seven month of interest expense. For more detailed information on this transaction refer to Note 8 of the basic financial statements.

## ECONOMIC FACTORS

The District has operated solely in Southeastern Butler County since its 1994 formation. The District has broken ground on the Liberty Interchange project during 2007. This project will open up hundreds of acres for commercial development that will generate additional property and income tax for the area, as well as sales tax. The District is also working with the local governments to proceed with the engineering to widen State Route Bypass 4. The District neared completion of construction on the third phase of SR747 widening at the end of 2007.

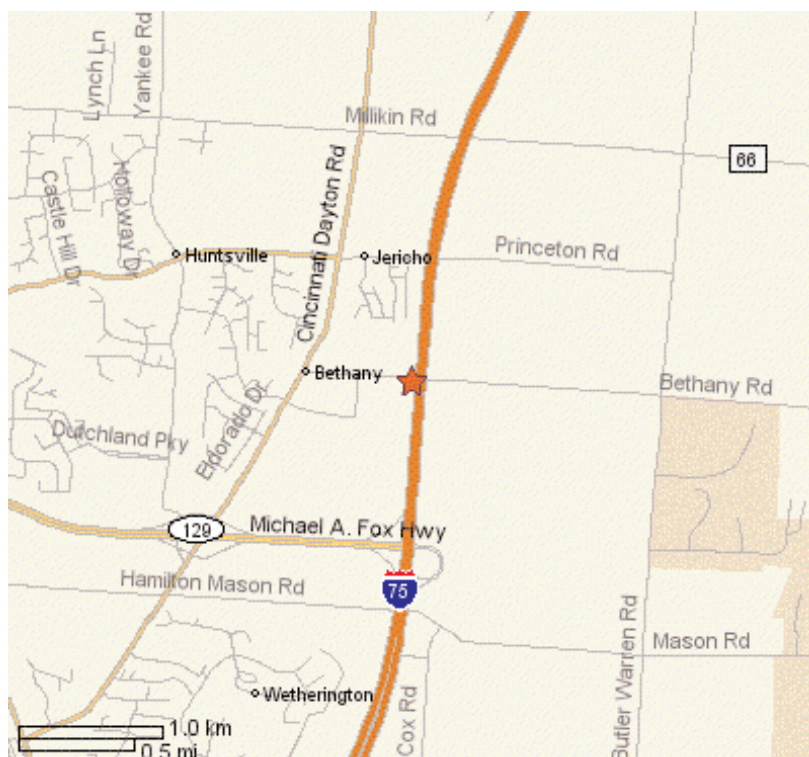
It is important that the District is able to succeed in the development of these projects not only for Butler County and its residents, but also for the longevity of the District. The District has no continuing revenue source except an administration fee charged on the various projects that it conducts.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

## REQUEST FOR INFORMATION

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



Sean Fraunfelter, CPA  
Finance and Administration



**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

<b>Assets:</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 572,182
Restricted Cash with Fiscal Agent	28,362,476
Restricted Investments with Fiscal Agent	748,437
Interest Receivable	342,480
Intergovernmental Receivables	1,936,422
Loans Receivable	70,000
<i>Total Current Assets</i>	<u>32,031,997</u>
<b>Noncurrent Assets:</b>	
Deferred Charges	1,219,457
Nondepreciable Capital Assets	31,615,811
<i>Total Noncurrent Assets</i>	<u>32,835,268</u>
<b>Total Assets</b>	<u>64,867,265</u>
<b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Accounts Payable	39,234
Contracts Payable	1,959,377
Accrued Wages and Benefits	7,009
Intergovernmental Payable	3,202
Accrued Interest Payable	165,040
<i>Total Current Liabilities</i>	<u>2,173,862</u>
<b>Noncurrent Liabilities:</b>	
Accrued Liabilities	40,880
Special Obligation Bonds Payable	42,727,097
<i>Total Noncurrent Liabilities</i>	<u>42,767,977</u>
<b>Total Liabilities</b>	<u>44,941,839</u>
<b>Net Assets:</b>	
Invested in Capital Assets	16,543,620
Restricted for:	
Capital Improvements	80,209
Debt Service	1,569,965
Unrestricted	1,731,632
<b>Total Net Assets</b>	<u>\$ 19,925,426</u>

See accompanying notes to the financial statements

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

Functions/Programs	Expenses	Program Revenues		Net Revenue and Change in Net Assets Primary Government Governmental Activities
		Charges for Services	Capital Grants and Contributions	
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 2,338,236	\$ 24,172	\$ 5,611,078	\$ 3,297,014
Interest on Long-Term Debt	1,585,006	-	-	(1,585,006)
<b>Total Primary Government</b>	<b>\$ 3,923,242</b>	<b>\$ 24,172</b>	<b>\$ 5,611,078</b>	<b>1,712,008</b>
General Revenues:				
Unrestricted Investment Earnings				1,486,437
Change in Fair Value of Investments				164,276
Miscellaneous				5,332
<b>Total General Revenues</b>				<b>1,656,045</b>
Change in Net Assets				3,368,053
Net Assets - Beginning				16,557,373
Net Assets - Ending				<b>\$ 19,925,426</b>

See accompanying notes to the financial statements





**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	<u>General</u>	<u>State Route 747</u>	<u>Liberty Interchange</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 568,033	\$ -	\$ -
Receivables:			
Loans	70,000	-	-
Intergovernmental	1,875	1,570,594	363,953
Interest	-	-	342,480
Interfund Loan	2,273,223	-	-
Restricted Assets:			
Cash with Fiscal Agent	-	-	28,272,978
Investments	-	-	748,437
<b>Total Assets</b>	<b><u>\$ 2,913,131</u></b>	<b><u>\$ 1,570,594</u></b>	<b><u>\$ 29,727,848</u></b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Payable:			
Accounts	\$ 17,775	\$ 4,066	\$ 16,593
Contracts	-	1,531,595	413,754
Accrued Wages and Benefits	7,009	-	-
Intergovernmental	3,202	-	-
Interfund Loan	-	196,040	2,008,724
Deferred Revenue	70,000	702,090	-
Total Liabilities	<u>97,986</u>	<u>2,433,791</u>	<u>2,439,071</u>
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances	-	-	73,729
Debt Service	-	-	1,499,664
Capital Improvements	-	-	27,357,475
Unreserved, reported in:			
General	2,815,145	-	-
Capital Projects (Deficit)	-	(863,197)	(1,642,091)
Total Fund Balances (Deficit)	<u>2,815,145</u>	<u>(863,197)</u>	<u>27,288,777</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 2,913,131</u></b>	<b><u>\$ 1,570,594</u></b>	<b><u>\$ 29,727,848</u></b>

See accompanying notes to the financial statements

**Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2007**

Other Governmental Funds	Total Governmental Funds		
		<b>Total Governmental Fund Balances</b>	\$ 29,251,085
		<i>Amounts reported in governmental activities in the statement of net assets are different because:</i>	
\$ 4,149	\$ 572,182	Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	31,615,811
-	70,000		
-	1,936,422		
-	342,480	Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.	772,090
-	2,273,223		
89,498	28,362,476		
-	748,437	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(41,713,560)
\$ 93,647	\$ 34,305,220		
		<b>Net Assets of Governmental Activities</b>	\$ 19,925,426
\$ 800	\$ 39,234		
14,028	1,959,377		
-	7,009		
-	3,202		
68,459	2,273,223		
-	772,090		
83,287	5,054,135		
1,607,501	1,681,230		
70,301	1,569,965		
-	27,357,475		
-	2,815,145		
(1,667,442)	(4,172,730)		
10,360	29,251,085		
\$ 93,647	\$ 34,305,220		

## TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2007

	General	State Route 747	Liberty Interchange
<b><u>Revenues:</u></b>			
Intergovernmental	\$ -	\$ 3,782,295	\$ 1,663,905
Charges for Services	24,172	-	-
Investment Earnings	43,356	-	1,423,995
Change in Fair Value of Investments	-	-	164,276
All Other	5,332	-	-
	72,860	3,782,295	3,252,176
<b><u>Expenditures:</u></b>			
Current:			
General Government	566,846	-	-
Capital Outlay	-	4,462,437	13,805,692
Debt Service:			
Issuance Costs	-	-	1,264,622
Interest and Fiscal Charges	-	-	1,464,249
	566,846	4,462,437	16,534,563
Excess (Deficiency) of Revenues Over (Under) Expenditures	(493,986)	(680,142)	(13,282,387)
<b><u>Other Financing Sources</u></b>			
Face Value from Sale of Bonds	-	-	41,130,000
Premium on Sale of Bonds	-	-	1,656,249
	-	-	42,786,249
Net Change in Fund Balances	(493,986)	(680,142)	29,503,862
Fund Balances (Deficit) - beginning	3,309,131	(183,055)	(2,215,085)
Fund Balances (Deficit) - ending	\$ 2,815,145	\$ (863,197)	\$ 27,288,777

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, 2007**

Other Governmental Funds	Total Governmental Funds		
		<b>Net Change in Governmental Fund Balances</b>	<b>\$ 28,003,396</b>
\$ 106,756	\$ 5,552,956	<b>Amounts reported for the governmental activities in the statement of activities are different because:</b>	
-	24,172	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.	16,580,995
19,086	1,486,437	Some resources in the statement of activities that do not provide current financial resources are not reported as such in the funds.	(42,727,097)
-	164,276	Revenues in the statement of activities that do not provide current financial resources are not reported as such in the funds.	58,122
-	5,332	Some resources reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as such in the funds.	1,617,677
125,842	7,233,173	In the statement of activities, interest and charges are accrued on outstanding bonds, whereas, in governmental funds, they are reported when due.	(165,040)
		<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 3,368,053</u></b>
-	566,846		
84,256	18,352,385		
-	1,264,622		
367,924	1,832,173		
452,180	22,016,026		
(326,338)	(14,782,853)		
-	41,130,000		
-	1,656,249		
-	42,786,249		
(326,338)	28,003,396		
336,698	1,247,689		
<u>\$ 10,360</u>	<u>\$ 29,251,085</u>		

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO*  
*NOTES TO THE FINANCIAL STATEMENTS*  
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**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 eighteen board members, of which thirteen are voting and five are non-voting appointed by the relative member governments. Of the eighteen, 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, OHIO*  
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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 sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Intergovernmental reimbursements associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period within the government wide statements. All other revenue items are considered measurable and available only when the District receives the actual revenue.

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**  
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**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.

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 completing the second phase during 2005. The District has completed construction during 2007. This fund is also responsible for the engineering and certain real property associated with the Princeton Road intersection in Liberty Township. The construction of this section was completed by the County Engineer.

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. This fund also accounts for the auxiliary road improvements around the interchange. The TID completed financing for the project during the year and started right of way acquisition in 2006. The ground breaking for the project was done in the fourth quarter of 2007.



*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO*  
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**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 sixty 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 District utilizes another financial institution for the management of several trusts accounts for the Liberty Interchange project. The balances in these accounts are presented on the financial statements as “Restricted Assets: Cash with Fiscal Agent.”

During fiscal year 2007, investments were limited to funds invested in federal mortgage backed agencies securities and money market mutual funds.

Except for nonparticipating investment contracts, investments are reported at fair value that is based on quoted market prices. Investment contracts and money market investments that has a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO*  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 2007 amounts to \$43,356. The Liberty Interchange and State Route 129 extension capital projects funds also received interest on trust accounts of \$1,423,995 and \$19,086, respectively.

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

**E. Restricted Assets**

Restricted assets are cash, cash equivalents and investments whose use is limited by legal requirements. Restricted cash and investments with fiscal agent represent amounts required by debt covenant to be segregated for construction expenses and future debt service on the outstanding bonds.

**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**

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. The District also owns several parcels of land at the end of the fiscal year that will be sold in future years to help finance TID operations or projects.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO*  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. The District has no compensated absence liability.

**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 and capital improvements in the Liberty Interchange Fund. 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 deferred revenue in the governmental fund balance sheet. Deferred 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 sixty days after year-end are considered to have been for prior year services.

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Accrued Liabilities**

The District reports accrued liabilities on the statement of net assets. The District reports a \$40,880 accrued liability for federal arbitrage earnings that are considered rebatable earnings. The District has paid the required ninety percent of the arbitrage every five years with only the remaining ten-percent to be paid once the bonds are called.

**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 asset:*

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$41,713,560) difference are as follows:

Special Obligation Bonds Payable	(\$41,130,000)
Special Obligation Bonds - Premium	(1,597,097)
Deferred Issuance Charges	1,219,457
Accrued Interest Payable	(165,040)
Accrued Liability Payable	(40,880)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> ,	(\$41,713,560)

*Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:*

An element of that reconciliation states that "Some resources in the statement of activities that do not provide current financial resources are not reported as such in the funds." The details of this (\$42,757,097) are as follows:

Issuance of Special Obligation Bonds	(\$41,130,000)
Net impact of premium issued and retired	(1,597,097)
Net Adjustment - current financial resources focus to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	(42,757,097)

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Another element of that reconciliation states that “Some resources reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as such in the funds.” The details of this \$1,617,677 are as follows:

Net change on accrued liability	\$398,220
Current year deferral of bond issuance costs	1,219,457
	_____
Net Adjustment - capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$1,617,677
	_____

**NOTE 2 – ACCOUNTABILITY**

**Fund Deficits**

As of December 31, 2007, State Route 747, State Route 129 Extension and State Route 4 Bypass Widening Capital Projects Funds had deficit fund balances of \$863,197; \$20,448; and \$43,642 respectively. The deficits were created through the reimbursement process of the District’s intergovernmental agreements with the participating local governments. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Appropriations and Expenditures**

The Debt Service and State Route Bypass 4 Widening funds had expenditures plus encumbrances in excess of appropriations by \$367,924 and \$1,605,649. The District made an arbitrage payment at the end of the fiscal year that wasn’t expected. The District encumbered the entire amount of a two year contract with the engineering firm for the State Route Bypass 4 fund. The reimbursement will be received in the next year; therefore, the estimated revenue was not recorded.

**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. The following is a list of the allowable investments for the District:

- 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;

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO*  
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**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation it will be held to maturity. Investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits**

*Custodial Credit Risk*

Custodial Credit Risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District does not have a custodial credit risk policy.

At year-end the carrying amount of the District's deposits was \$14,596,889 and the bank balance was \$14,606,712. \$200,000 of bank balances were covered by federal depository insurance coverage, with \$13,824,706 having specific pledged collateral and \$582,006 being uninsured under federal depository coverage.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO  
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**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

*Custodial Credit Risk*

The risk that, in the event of a failure of a counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as a means of mitigating this risk.

*Interest Rate Risk*

The risk that the District will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The District limits their investments to securities in Federal Home Loan Bank Notes, Federal Farm Bureau Credit Association Notes, Federal National Mortgage Association Notes and Money Market Mutual Funds. Below are the credit ratings of the School District’s investments:

Security	Rating Agency	
	Moody’s	Standard & Poor’s
Federal Home Loan Bank Notes	Aaa	AAA
Federal Farm Bureau Credit Association Notes	Aaa	AAA
Federal National Mortgage Association Notes	Aaa	AAA
Federated Government Obligation Fund	Aaa	AAAm
US Bank Money Market Fund	Aaa	AAAm

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single user. The District’s investment policy allows investments in Federal Agencies or Instrumentalities. Federal Home Loan Bank Notes comprised 29% of the District’s investments, Federal Farm Bureau Credit Association Notes comprised 18% of the District’s investments, Federal National Mortgage Association Notes comprised 7% of the District’s investments, and money market mutual funds comprised 46% of the District’s investments.

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

The District's investments at December 31, 2007 are summarized below:

Investment	Average Maturity	<1 Year Before Maturity	1+ Years Before Maturity
US Bank Money Market Fund	<60 days	\$89,498	\$0
Federal Home Loan Bank Notes	0.55 years	4,093,278	249,766
Federal Farm Bureau Credit Association Notes	0.27 years	2,239,609	498,671
Federal National Mortgage Association Notes	0.70 years	988,762	0
Federated Government Obligation Fund	<60 days	6,926,622	0
		<u>\$14,337,769</u>	<u>\$748,437</u>

**NOTE 4 – INTERFUND BALANCES**

Interfund balances at December 31, 2007, 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	\$2,273,223	\$0
Capital Projects Funds:		
State Route 747	0	196,040
Liberty Interchange	0	2,008,724
Nonmajor Funds	0	68,459
Total Capital Projects Funds	<u>0</u>	<u>2,273,223</u>
Totals	<u>\$2,273,223</u>	<u>\$2,273,223</u>

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 advanced monies to cover the deficits in the funds. A large portion of the interfund payable in the Liberty Interchange fund relates to the District's purchase of eighteen acres of land near the proposed interchange. The General Fund will be repaid within one year or less once the reimbursements are received.



**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**  
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**NOTE 5 – INTERGOVERNMENTAL REVENUES AND CHARGES FOR SERVICES**

The following entities, which are a part of the District, have contributed the following funds during 2007:

Member Name	Contribution	Charge for Service
Ohio Department of Transportation	\$3,782,295	\$0
Liberty Township	1,299,952	0
City of Hamilton	17,407	1,586
Fairfield Township	89,349	1,586
Butler County	363,953	0
Montgomery County TID	0	21,000
<b>Totals</b>	<b>\$5,552,956</b>	<b>\$24,172</b>

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 2007. The District also contracted with the Montgomery County TID for providing monthly financial services.

**NOTE 6 – CAPITAL ASSETS**

Summary by category of changes in capital assets:

Category	December 31, 2006	Additions	Deletions	December 31, 2007
Land Held For Resale	\$2,709,373	\$0	\$0	\$2,709,373
Construction in Progress	12,325,443	16,580,995	0	28,906,438
<b>Totals</b>	<b>\$15,034,816</b>	<b>\$16,580,995</b>	<b>\$0</b>	<b>\$31,615,811</b>

For 2007, the District acquired significant right of way for the Liberty Interchange Project. The District is required to record the assets on the construction in progress for the related projects until the project is finalized and dedicated to the sponsoring agency.

**NOTE 7 – DEFINED BENEFIT PENSION AND POSTEMPLOYMENT BENEFITS PLANS**

The following information was provided by the OPERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The OPERS 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 OPERS 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.

In 2004, OPERS expanded the retirement options for covered employees. OPERS administers three separate pension plans as described below:

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**NOTE 7 – DEFINED BENEFIT PENSION AND POSTEMPLOYMENT BENEFITS PLANS (Continued)**

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 9.5%. The employer contribution rate was 13.85%, 8.85% to fund the pension and 5.00% 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 OPERS of Ohio for the years ending December 31, 2007, 2006, and 2005, were \$17,035, \$19,149, and \$17,614, respectively, 79 percent has been contributed for fiscal year 2007 and 100 percent has been contributed for fiscal years 2006 and 2005.

The OPERS 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 OPERS 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 OPERS of Ohio. The portion of the 2007 employer contribution rate (identified above) that was used to fund health care for the year 2007 was 5.00% of covered payroll, which amounted to \$9,966.

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, 2006. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. As of December 31, 2006, the actuarial value of net assets available for future OPEB payments was \$12.0 billion. The actuarially accrued liability and the unfunded actuarially accrued liability based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively. The number of active contributing participants for OPEB at December 31, 2007 was 374,979.

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**  
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**NOTE 8 – LONG-TERM OBLIGATIONS**

	Balance December 31, 2006	Issued	Retired	Balance December 31, 2007	Due Within One Year
<b>Governmental Activities:</b>					
Accrued Liabilities	\$439,100	\$0	\$398,220	\$40,880	\$0
Special Obligation Bonds:					
4.00%-5.00% 2007	0	41,130,000	0	41,130,000	0
Premium	0	1,656,249	59,152	1,597,097	0
<b>Governmental Activity</b>					
Long-Term Liabilities	\$439,100	\$42,786,249	\$457,372	\$42,767,977	\$0

*Special Obligation Bonds:* On February 15, 2007 the District issued \$41,130,000 for the purpose of constructing the Liberty Interchange and related infrastructure projects. The bonds were issued for twenty-eight years with a final maturity in 2034 at an interest rate range of four to five percent. The bonds will be repaid from the Liberty Interchange capital projects fund trust accounts through intergovernmental agreements with Liberty Township, Butler County and West Chester Township. The \$1,656,249 premium on the issuance of the bonds will be amortized over the life of the debt.

The amounts on deposit for arbitrage payable will remain until the call date for the original debt on April 1, 2008. The refunded bonds are still 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 principal and interest requirements for outstanding bonds as of December 31, 2007 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total	Rate
2008	\$0	\$1,980,474	\$1,980,474	4.00
2009	0	1,980,474	1,980,474	4.00
2010	0	1,980,474	1,980,474	4.00
2011	0	1,980,474	1,980,474	4.00
2012	0	1,980,474	1,980,474	4.00
2013-2017	2,485,000	9,774,924	12,259,924	4.00-5.00
2018-2022	6,860,000	8,806,315	15,666,315	4.25-5.00
2023- 2027	13,180,000	6,590,030	19,770,030	4.75-5.00
2028-2032	16,905,000	2,640,199	19,545,199	4.75-5.00
2033-2034	1,700,000	115,650	1,815,650	4.50
Totals	<u>\$41,130,000</u>	<u>\$37,829,488</u>	<u>\$78,959,488</u>	

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**NOTE 9 – CONSTRUCTION COMMITMENTS**

The District has several major outstanding contracts for services. The following amounts remain on these contracts as of December 31, 2007:

Project and Contractor	Outstanding Balance
SK Contractors – Cox Road	\$4,372,839
ME Companies – Bypass 4 Widening	1,484,268
SK Contractors – State Route 747 Widening	173,261
ME Companies – State Route 747	58,224
Resource International – Environmental	57,323

**NOTE 10 – 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 2007, 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 (Gregory Wilkens, 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 nine 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.

# **REQUIRED SUPPLEMENTARY INFORMATION SECTION**

**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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Charges for Services	127,000	56,000	28,879	(27,121)
Investment Earnings	30,000	45,000	43,356	(1,644)
All Other	70,000	-	5,332	5,332
Total Revenues	477,000	351,000	327,567	(23,433)
<b>Expenditures:</b>				
Current:				
General Government				
Personal Services	277,250	277,250	255,312	21,938
Contractual Services	281,000	264,800	224,258	40,542
Materials and Supplies	54,500	29,500	21,686	7,814
Other	60,000	70,000	59,468	10,532
Total General Government	672,750	641,550	560,724	80,826
Deficiency of Revenues Under Expenditures	(195,750)	(290,550)	(233,157)	57,393
Fund Balance Beginning of Year	3,066,030	3,066,030	3,066,030	-
Prior Year Encumbrances	8,383	8,383	8,383	-
Fund Balance End of Year	\$ 2,878,663	\$ 2,783,863	\$ 2,841,256	\$ 57,393
			Budget Basis \$	(233,157)
			Revenue Accruals	(254,707)
			Expenditure Accruals	(6,122)
			GAAP Basis \$	(493,986)

See accompanying notes to the required supplementary information

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2007*

**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. 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 budgetary document. The budgetary document 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 budgetary document. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the budgetary document is amended to include any unencumbered balances from the preceding year. The budgetary document 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 budgetary document issued during 2007.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2007*

**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

### Debt Service Fund

The Debt Service Fund accounts for the remaining interest earned on trust accounts related to the defeased debt originally issued in connection with the State Route 129 Extension that are required to be used in payment of the final arbitrage payments

### 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.

**State Route 129 Extension Fund** – The fund accounted for the TID's construction of a 10.7 mile divided above grade interstate like roadway from the City of Hamilton to Interstate 75. The District has transferred all the right of way for the project to ODOT. The bonds were defeased and still have some final arbitrage payments remaining before it can closed out.

#### **Muhlhauser Road Fund**

To account for the construction of a five-lane road from State Route 747 to West Chester Road. The TID used the cash balance to fund additional 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 during the year.

#### **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.



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2007

		CAPITAL PROJECTS						
		Debt Service	Union Centre Extension	State Route 129 Extension	Muhlhauser Road	State Route 4 Bypass Widening	Total Nonmajor Governmental Funds	
<b>Assets:</b>								
Cash and Cash Equivalents	\$ -	\$ -	\$ 325	\$ -	\$ 3,824	\$ -	\$ 4,149	
Restricted Assets:								
Cash with Fiscal Agent	70,301	-	-	19,197	-	-	89,498	
<b>Total Assets</b>	<b>\$ 70,301</b>	<b>\$ 325</b>	<b>\$ 19,197</b>	<b>\$ 3,824</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 93,647</b>	
<b>Liabilities:</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ 800	
Contracts Payable	-	-	-	-	-	14,028	14,028	
Interfund Loan Payable	-	-	39,645	-	-	28,814	68,459	
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,645</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,642</b>	<b>\$ 83,287</b>	
<b>Fund Balances:</b>								
Fund Balances:								
Reserved for Encumbrances	-	-	-	-	-	1,607,501	1,607,501	
Reserved for Debt Service	70,301	-	-	-	-	-	70,301	
Unrestricted:								
Unreserved Capital Projects -(Deficit)	-	325	(20,448)	3,824	(1,651,143)	(1,667,442)	(1,667,442)	
<b>Total Fund Balances</b>	<b>\$ 70,301</b>	<b>\$ 325</b>	<b>\$ (20,448)</b>	<b>\$ 3,824</b>	<b>\$ (43,642)</b>	<b>\$ 10,360</b>	<b>\$ 93,647</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 70,301</b>	<b>\$ 325</b>	<b>\$ 19,197</b>	<b>\$ 3,824</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 93,647</b>	

**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, 2007**

	CAPITAL PROJECTS							Total Nonmajor Governmental Funds
	Debt Service	Union Centre Extension	State Route 129 Extension	Muhlhauser Road	State Route 4 Bypass Widening	State Route 4 Bypass Widening	Total Nonmajor Governmental Funds	
<b>Revenues:</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,756
Investment Earnings	-	-	19,086	-	-	-	-	19,086
Total Revenues	-	-	19,086	-	-	-	-	125,842
<b>Expenditures:</b>								
Capital Outlay	-	-	-	-	-	-	-	84,256
Debt Service:								
Interest and Fiscal Charges	367,924	-	-	-	-	-	-	367,924
Total Expenditures	367,924	-	-	-	-	-	-	452,180
Excess (Deficiency) of Revenue Over (Under) Expenditures	(367,924)	-	19,086	-	-	-	22,500	(326,338)
Fund Balance (Deficit) - Beginning of Year	438,225	325	(39,534)	3,824	(66,142)			336,698
Fund Balance (Deficit) - End of Year	\$ 70,301	\$ 325	\$ (20,448)	\$ 3,824	\$ (43,642)			\$ 10,360

**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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 4,238,047	\$ 4,238,047	\$ 2,913,791	\$ (1,324,256)
Total Revenues	4,238,047	4,238,047	2,913,791	(1,324,256)
<b>Expenditures:</b>				
Capital Outlay	3,863,802	3,863,802	2,963,677	900,125
Total Expenditures	3,863,802	3,863,802	2,963,677	900,125
Excess (Deficiency) of Revenues Over (Under) Expenditures	374,245	374,245	(49,886)	(424,131)
Fund Balance (Deficit) Beginning of Year	(353,333)	(353,333)	(353,333)	-
Prior Year Encumbrances	180,084	180,084	180,084	-
Fund Balance (Deficit) End of Year	\$ 200,996	\$ 200,996	\$ (223,135)	\$ (424,131)

## 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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental Revenue	\$ -	\$ -	\$ 1,489,072	\$ 1,489,072
Investment Earnings	1,656,249	1,656,249	1,081,515	(574,734)
Total Revenues	<u>1,656,249</u>	<u>1,656,249</u>	<u>2,570,587</u>	<u>914,338</u>
<b>Expenditures:</b>				
Capital Outlay	12,431,000	15,351,991	13,510,760	1,841,231
Debt Service:				
Interest and Fiscal Charges	1,223,085	1,253,085	2,728,871	(1,475,786)
Total Expenditures	<u>13,654,085</u>	<u>16,605,076</u>	<u>16,239,631</u>	<u>365,445</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,997,836)	(14,948,827)	(13,669,044)	1,279,783
<b>Other Financing Sources:</b>				
Face Value from Sale of Bonds	41,130,000	41,130,000	41,130,000	-
Premium on Sale of Bonds	1,656,249	1,656,249	1,656,249	-
Total Other Financing Sources	<u>42,786,249</u>	<u>42,786,249</u>	<u>42,786,249</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over Expenditures	30,788,413	27,837,422	29,117,205	1,279,783
Fund Balance (Deficit) Beginning of Year	(2,428,915)	(2,428,915)	(2,428,915)	-
Prior Year Encumbrances	104,357	104,357	104,357	-
Fund Balance End of Year	<u>\$ 28,463,855</u>	<u>\$ 25,512,864</u>	<u>\$ 26,792,647</u>	<u>\$ 1,279,783</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 DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Debt Service:				
Interest and Fiscal Charges	-	-	367,924	(367,924)
Total Expenditures	-	-	367,924	(367,924)
Deficiency of Revenues Under Expenditures	-	-	(367,924)	(367,924)
Fund Balance Beginning of Year	438,225	438,225	438,225	-
Fund Balance End of Year	\$ 438,225	\$ 438,225	\$ 70,301	\$ (367,924)



**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, 2007**

**UNION CENTRE EXTENSION FUND**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Capital Outlay	-	-	-	-
Deficiency of Revenues Under Expenditures	-	-	-	-
Fund Balance Beginning of Year	325	325	325	-
Prior Year Encumbrances		-	-	-
Fund Balance End of Year	\$ 325	\$ 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, 2007**

**STATE ROUTE 129 EXTENSION FUND**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental			\$ -	\$ -
Investment Earnings	10,000	17,500	19,086	1,586
Total Revenues	<u>10,000</u>	<u>17,500</u>	<u>19,086</u>	<u>1,586</u>
<b>Expenditures:</b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>10,000</u>	<u>17,500</u>	<u>19,086</u>	<u>1,586</u>
Fund Balance (Deficit) Beginning of Year	(39,534)	(39,534)	(39,534)	-
Fund Balance End of Year	<u>\$ (29,534)</u>	<u>\$ (22,034)</u>	<u>\$ (20,448)</u>	<u>\$ 1,586</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, 2007**

	MUHLHAUSER ROAD FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-
Fund Balance Beginning of Year	3,824	3,824	3,824	-
Fund Balance End of Year	<u>\$ 3,824</u>	<u>\$ 3,824</u>	<u>\$ 3,824</u>	<u>\$ -</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, 2007**

	STATE ROUTE 4 BYPASS WIDENING			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Intergovernmental Revenue	\$ 725,000	\$ 350,000	\$ 305,306	\$ (44,694)
Total Revenues	725,000	350,000	305,306	(44,694)
<b>Expenditures:</b>				
Capital Outlay	515,000	125,101	1,730,750	(1,605,649)
Total Expenditures	515,000	125,101	1,730,750	(1,605,649)
Excess of Revenues Over Expenditures	210,000	224,899	(1,425,444)	(1,650,343)
Fund Balance (Deficit) Beginning of Year	(1,944,640)	(1,944,640)	(1,944,640)	-
Prior Year Encumbrances	1,727,285	1,727,285	1,727,285	-
Fund Balance (Deficit) End of Year	\$ (7,355)	\$ 7,544	\$ (1,642,799)	\$ (1,650,343)



# STATISTICAL

# SECTION



What a difference eight months makes as the top picture depicts the project just under construction and the bottom one - now open to traffic.



**Transportation Improvement District of  
Butler County, Ohio  
Statistical Section Descriptions  
December 31, 2007**

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

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and situation have changed over time.	50-53
<b>Revenue Capacity (The District has no specific revenue source to present)</b>	
<b>Debt Capacity</b>	
This schedules presents information to help the reader assess the affordability of the District's current levels of outstanding debt. The District's has no ability to issue additional debt in the future without an agreement through on the participating governments	54-55
<b>Operating Information</b>	
These schedules contain operational data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	56
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within in which the District's financial activities takes place.	57-59

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**  
**NET ASSETS BY COMPONENT**

**LAST EIGHT YEARS (accrual basis of accounting)**

	2007	2006	2005	2004	2003	2002	2001	2000
Governmental Activities:								
Invested in Capital Assets	\$ 16,543,620	\$ 15,034,816	\$ 13,732,805	\$ 10,982,235	\$ 17,546,423	\$ 42,089,576	\$ 54,652,188	\$ 43,783,628
Restricted	1,650,174	374,477	15,195,076	14,850,389	14,522,631	14,318,505	14,690,286	15,990,278
Unrestricted	1,731,632	1,148,080	(1,096,692)	1,552,732	1,847,313	1,981,693	1,772,609	4,481,297
<b>Total Governmental Activities Net Assets</b>	<b>\$ 19,925,426</b>	<b>\$ 16,557,373</b>	<b>\$ 27,831,189</b>	<b>\$ 27,385,356</b>	<b>\$ 33,916,367</b>	<b>\$ 58,389,774</b>	<b>\$ 71,115,083</b>	<b>\$ 64,255,203</b>

Note: The District's first fiscal year under GASB 34 was 2000.



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

CHANGE IN NET ASSETS

LAST EIGHT YEARS (accrual basis of accounting)

	2007	2006	2005	2004	2003	2002	2001	2000
<b>Expenses:</b>								
Governmental Activities								
General Government	\$ 2,338,236	\$ 1,702,925	\$ 460,218	\$ 9,277,438	\$ 26,962,585	\$ 15,022,973	\$ 3,005,859	\$ 6,510,583
Fiscal Charges	-	6,516,155	159,666	100,089	163,647	515,492	-	-
Interest on Long Term Debt	1,585,006	6,152,002	6,074,683	6,289,655	4,809,798	6,893,265	7,132,810	7,428,450
<b>Total Governmental Activities Expenses</b>	<b>3,923,242</b>	<b>14,371,082</b>	<b>6,694,567</b>	<b>15,667,182</b>	<b>31,936,030</b>	<b>22,431,730</b>	<b>10,138,669</b>	<b>13,939,033</b>
<b>Program Revenues:</b>								
Charges for Services								
General Government	24,172	94,991	48,898	79,354	45,973	185,882	370,668	191,612
Operating Grants and Contributions								
General Government	5,611,078	1,946,633	657,450	404,160	370,358	1,598,492	7,902,350	8,912,869
Interest on Long Term Debt	-	-	5,245,955	6,365,905	5,736,408	6,405,255	7,132,810	7,428,450
<b>Total Governmental Activities Program Revenues</b>	<b>5,635,250</b>	<b>2,041,624</b>	<b>5,952,303</b>	<b>6,849,419</b>	<b>6,152,739</b>	<b>8,189,629</b>	<b>15,405,828</b>	<b>16,532,931</b>
<b>Net (Expense)/Revenue</b>	<b>1,712,008</b>	<b>(12,329,458)</b>	<b>(742,264)</b>	<b>(8,817,763)</b>	<b>(25,783,291)</b>	<b>(14,242,101)</b>	<b>5,267,159</b>	<b>2,593,898</b>
<b>General Revenues</b>								
Grants and Contributions Unrestricted	-	500,000	-	250,000	250,000	250,000	250,000	7,929,894
Unrestricted Investment Earnings	1,486,437	510,536	980,903	940,632	957,963	947,606	1,201,655	1,811,459
Change in Fair Value of Investments	164,276	(1,375)	(4,111)	(1,509)	(4,629)	20,580	23,909	16,673
Miscellaneous	5,332	46,481	211,305	1,097,629	106,550	298,606	117,157	576,523
<b>Total Governmental Activities General Revenues</b>	<b>1,656,045</b>	<b>1,055,642</b>	<b>1,188,097</b>	<b>2,286,752</b>	<b>1,309,884</b>	<b>1,516,792</b>	<b>1,592,721</b>	<b>10,334,549</b>
<b>Change in Net Assets</b>	<b>\$ 3,368,053</b>	<b>\$ (11,273,816)</b>	<b>\$ 445,833</b>	<b>\$ (6,531,011)</b>	<b>\$ (24,473,407)</b>	<b>\$ (12,725,309)</b>	<b>\$ 6,859,880</b>	<b>\$ 12,928,447</b>

Note: The District's first fiscal year under GASE 34 was 2000.

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**  
**FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST NINE YEARS (modified accrual basis of accounting)**

	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund									
Reserved	\$ -	\$ 6,652	\$ 11,034	\$ -	\$ 4,487	\$ 286	\$ 14,189	\$ -	\$ -
Unreserved	2,815,145	3,302,479	2,705,563	2,874,839	3,603,343	6,352,696	3,927,884	3,468,383	2,320,601
<b>Total General Fund</b>	<b>2,815,145</b>	<b>3,309,131</b>	<b>2,716,597</b>	<b>2,874,839</b>	<b>3,607,830</b>	<b>6,352,982</b>	<b>3,942,073</b>	<b>3,468,383</b>	<b>2,320,601</b>
All other governmental funds									
Reserved	30,608,670	2,282,459	14,848,697	14,942,523	14,309,528	13,762,757	13,798,560	14,653,971	806,277
Unreserved, reported in:									
Debt Service	-	-	(39,645)	223,328	9,556	(412,901)	-	-	-
Capital Projects	(4,172,730)	(4,343,901)	(1,775,709)	(365,300)	29,929	(46,824)	1,186,406	4,183,265	14,185,372
<b>Total All other governmental funds</b>	<b>26,435,940</b>	<b>(2,061,442)</b>	<b>13,033,343</b>	<b>14,800,551</b>	<b>14,349,013</b>	<b>13,303,032</b>	<b>14,984,966</b>	<b>18,837,236</b>	<b>14,991,649</b>
<b>Total Governmental Funds</b>	<b>\$ 29,251,085</b>	<b>\$ 1,247,689</b>	<b>\$ 15,749,940</b>	<b>\$ 17,675,390</b>	<b>\$ 17,956,843</b>	<b>\$ 19,656,014</b>	<b>\$ 18,927,039</b>	<b>\$ 22,305,619</b>	<b>\$ 17,312,250</b>

Note: The information for the District's fund balance were not available for 1998.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST NINE YEARS (modified accrual basis of accounting)

	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Revenues</b>									
Intergovernmental	\$ 5,552,956	\$ 105,260,360	\$ 12,731,782	\$ 12,785,339	\$ 12,086,808	\$ 14,682,529	\$ 19,793,111	\$ 29,311,213	\$ 25,544,670
Charges for Services	24,172	86,743	41,347	65,611	22,771	50,369	86,202	191,612	1,686,630
Investment Earnings	1,486,437	510,536	987,083	940,632	957,963	947,606	1,201,655	1,811,459	2,782,484
Change in Fair Value of Investments	164,276	(1,375)	(4,111)	(1,509)	(4,629)	20,580	23,909	16,673	-
All Other	5,332	46,481	7,487	1,107,629	130,973	429,320	253,803	576,523	434,051
<b>Total Revenues</b>	<b>7,233,173</b>	<b>105,902,745</b>	<b>13,763,588</b>	<b>14,897,702</b>	<b>13,193,886</b>	<b>16,130,404</b>	<b>21,358,680</b>	<b>31,907,480</b>	<b>30,447,845</b>
<b>Expenditures</b>									
Current									
General Government	566,846	573,356	2,200,915	995,739	2,005,237	406,635	389,346	557,999	1,019,865
Capital Outlay	18,352,385	2,481,580	2,679,873	1,717,511	414,195	2,053,726	11,857,139	13,860,237	63,420,783
Debt Service:									
Principal	-	109,725,000	6,405,000	6,100,000	5,810,000	5,530,000	5,280,000	5,040,000	5,080,000
Interest and Fiscal Charges	3,096,795	7,625,060	6,053,250	6,365,905	6,663,625	7,411,068	7,210,775	7,455,875	7,696,225
<b>Total Expenditures</b>	<b>22,016,026</b>	<b>120,404,996</b>	<b>17,339,038</b>	<b>15,179,155</b>	<b>14,893,057</b>	<b>15,401,429</b>	<b>24,737,260</b>	<b>26,914,111</b>	<b>77,216,873</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,782,853)	(14,502,251)	(3,575,450)	(281,453)	(1,699,171)	728,975	(3,378,580)	4,993,369	(46,769,028)
<b>Other Financing Sources (Uses)</b>									
Face Value of Debt	41,130,000	-	1,650,000	-	-	-	-	-	-
Premium from Sale of Bonds	1,656,249	-	-	-	-	-	-	-	-
Transfers In	14,415,206	14,415,206	13,874,479	13,727,822	13,669,557	15,113,369	17,753,723	13,060,217	20,556,553
Transfers Out	(14,415,206)	(14,415,206)	(13,874,479)	(13,727,822)	(13,669,557)	(15,113,369)	(17,753,723)	(13,060,217)	(20,556,553)
<b>Total Other Financing Sources (Uses)</b>	<b>42,786,249</b>	<b>-</b>	<b>1,650,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 28,003,396</b>	<b>\$ (14,502,251)</b>	<b>\$ (1,925,450)</b>	<b>\$ (281,453)</b>	<b>\$ (1,699,171)</b>	<b>\$ 728,975</b>	<b>\$ (3,378,580)</b>	<b>\$ 4,993,369</b>	<b>\$ (46,769,028)</b>
Debt Service as a percentage of noncapital expenditures	546%	20467%	566%	1252%	622%	3182%	3208%	2239%	1253%

Notes:

For 2006, the District has the highway improvement bond repaid through the ODOT lease agreement  
All other years - the debt service obligation is paid through an operating lease with ODOT

The information for the District's fund balance were not available for 1998.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

TOP TEN TAXPAYERS  
REAL AND PERSONAL PROPERTY

CURRENT AND FIVE YEARS AGO

Name of Taxpayer	2007				2002			
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation		
Cincinnati Gas and Electric Company	\$ 264,511,220	1	3.33%					
AK Steel Corporation	94,628,750	2	1.19%	107,605,470	1	1.79%		
Miller Breweries East Inc.	63,506,150	3	0.80%	73,319,670	2	1.22%		
Duke Realty Ohio	37,361,770	4	0.47%	25,539,850	5	0.43%		
Cincinnati Financial Corporation	31,442,480	5	0.40%	29,611,470	4	0.49%		
Bridgewater Falls LLC	14,159,490	6	0.18%					
J & J Ohio LLC	13,983,780	7	0.18%					
Sisters of Mercy	13,597,540	8	0.17%					
MB West Chester LLC	13,138,220	9	0.17%					
Meijer	12,451,050	10	0.16%	14,336,250	6	0.24%		
Dugan Financial LLC				44,197,930	3	0.74%		
Security Capital				13,106,870	7	0.22%		
Centerpoint Realty				13,105,870	8	0.22%		
Distribution Funding Services				12,963,830	9	0.22%		
Champion International Corp.				27,124,630	10	0.45%		
Total	\$ 558,780,450		7.03%	\$ 360,911,840		6.01%		
Total Assessed Valuation	\$ 7,944,385,112			\$ 6,001,216,262				

Source: Butler County Auditor's Office  
Note: 2002 is first year this information was made available

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**

**REVENUE BOND COVERAGE - LIBERTY INTERCHANGE  
SPECIAL OBLIGATION BONDS**

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<u>Year</u>	<u>Gross Revenue (1)</u>	<u>Debt Service Requirement (2)</u>	<u>Coverage</u>
2007	\$ 1,489,072	\$ 1,573,377	94.64%

Source: District's records

(1) The District receives intergovernmental revenue from Liberty Township, Butler County and West Chester Township for payment of debt service.

(2) The 2007 debt service payment was funded through the \$1,656,249 premium on the sale.

(3) Full receipt of gross revenues from entities is required until 150% of next year debt service is maintained in the trust account.

NOTE: The District issued the Liberty Interchange special obligation bonds in February 2007.

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**

**FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION**

**LAST TEN YEARS**

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<u>Year</u>	<u>General Government Employees</u>
2007	3
2006	3
2005	3
2004	2
2003	3
2002	3
2001	3
2000	3
1999	5
1998	5

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**

**ASSESSED VALUE AND BANK DEPOSITS**

**LAST TEN YEARS**

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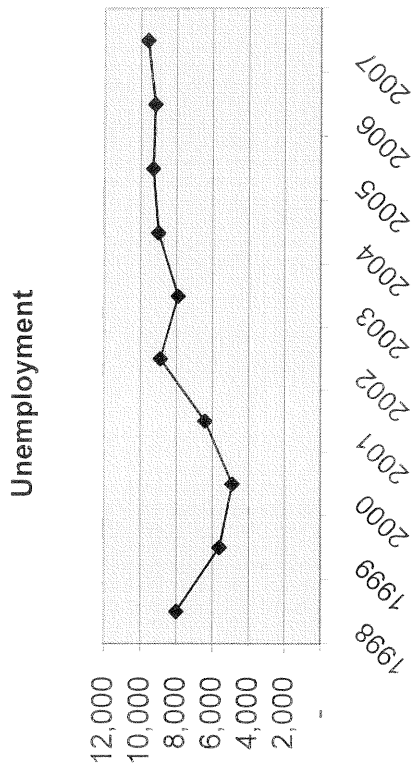
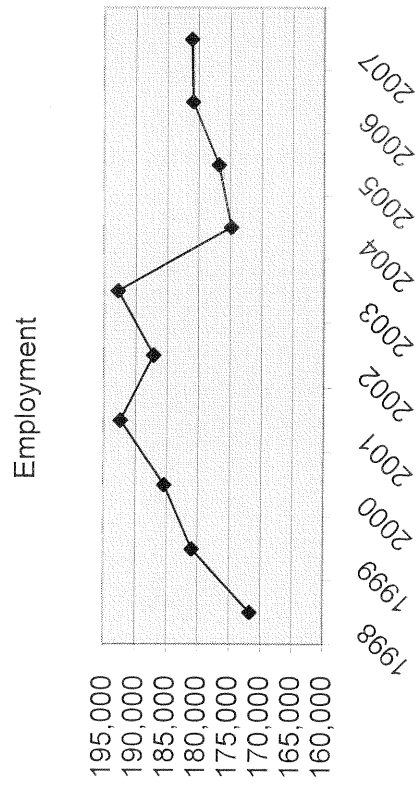
<u>Year</u>	<u>Real Property (1)</u>	<u>Bank Deposits (2)</u>
1998	\$ 4,068,350,540	\$ 864,105,000
1999	4,199,464,910	913,169,000
2000	4,764,719,420	1,152,810,000
2001	4,990,028,970	1,136,994,000
2002	5,144,613,220	1,257,078,000
2003	6,043,237,390	1,355,739,000
2004	6,175,495,560	10,267,537,000
2005	6,362,721,810	3,053,270,000
2006	6,935,887,900	2,909,045,000
2007	7,268,499,020	3,017,034,000

(1) Source: Butler County Auditor

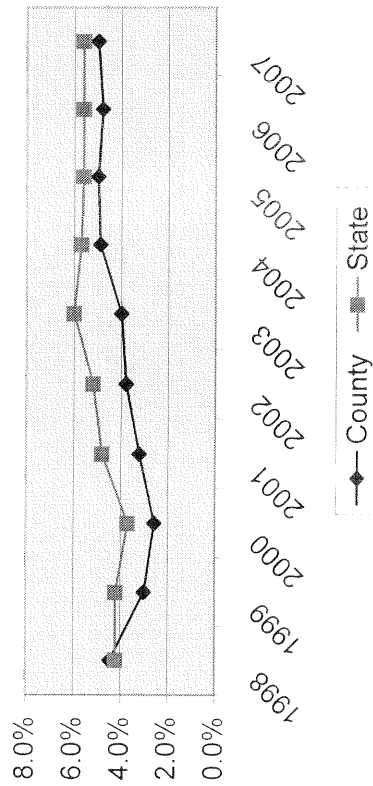
(2) Source: Department of Data Services, Federal Reserve Bank of Cleveland

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO  
 DEMOGRAPHIC STATISTICS  
 DECEMBER 31, 2007**

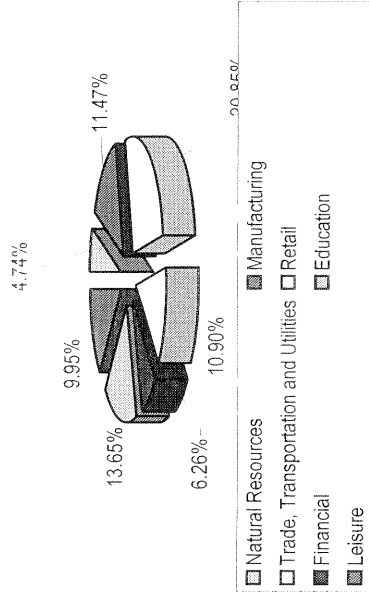
**Labor Force Statistics**



**Unemployment Rates**



**Employment by Industrial Sector as of 12/31/07 for Cincinnati-Middletown MSA**



Source: Bureau of Labor Market Information - Ohio Department of Job and Family Services



**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**

**DEMOGRAPHIC INFORMATION**

<u>Butler County Commuting Patterns</u>		<u>Butler County employees commuting to:</u>			
Total employees working in the county	133,727	Hamilton County	Ohio	47,984	29.9%
Number of employees from other counties	43,246	Warren County	Ohio	11,133	6.9%
		Montgomery County	Ohio	4,635	2.9%
Total employed living in the county	160,314	Clermont County	Ohio	1,072	0.7%
Number employed working in other counties	69,833	Boone County	Kentucky	857	0.5%
		Kenton County	Kentucky	696	0.4%
Net Flow of Commuters	(26,587)	Greene County	Ohio	400	0.2%
Percent of Total Commuters	-23.50%	Campbell County	Kentucky	318	0.2%
		Preble County	Ohio	239	0.1%
		Clinton County	Ohio	209	0.1%

(1) Source: Ohio Job and Family Services - Workforce Analysis October 2007

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**

**MISCELLANEOUS STATISTICS**

**DECEMBER 31, 2007**

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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



**Mary Taylor, CPA**  
Auditor of State

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**

**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  
JUNE 24, 2008**