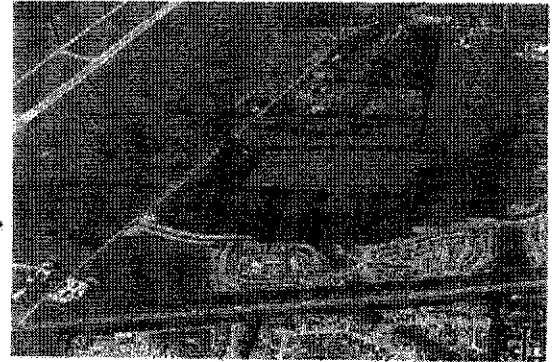


# Transportation Improvement District of Butler County, Ohio

## Comprehensive Annual Financial Report

For the Year Ended December 31, 2003

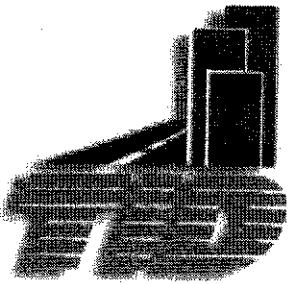
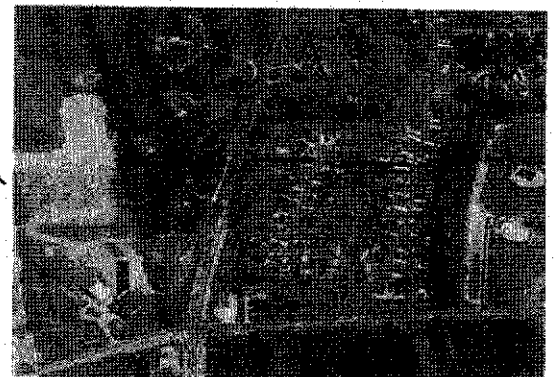
State Route Bypass 4  
Widening/ Bobmeyer Road



Liberty Interchange



State Route 747 Phase III



**PRIORITIES**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Butler County Transportation Improvement District  
315 Hamilton Street, 6th Floor  
Hamilton, Ohio 45011

We have reviewed the Independent Auditor's Report of the Butler County Transportation Improvement District, Hamilton County, prepared by BKD LLP, for the audit period January 1, 2003 through December 31, 2003. 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 Butler County Transportation Improvement District is responsible for compliance with these laws and regulations.

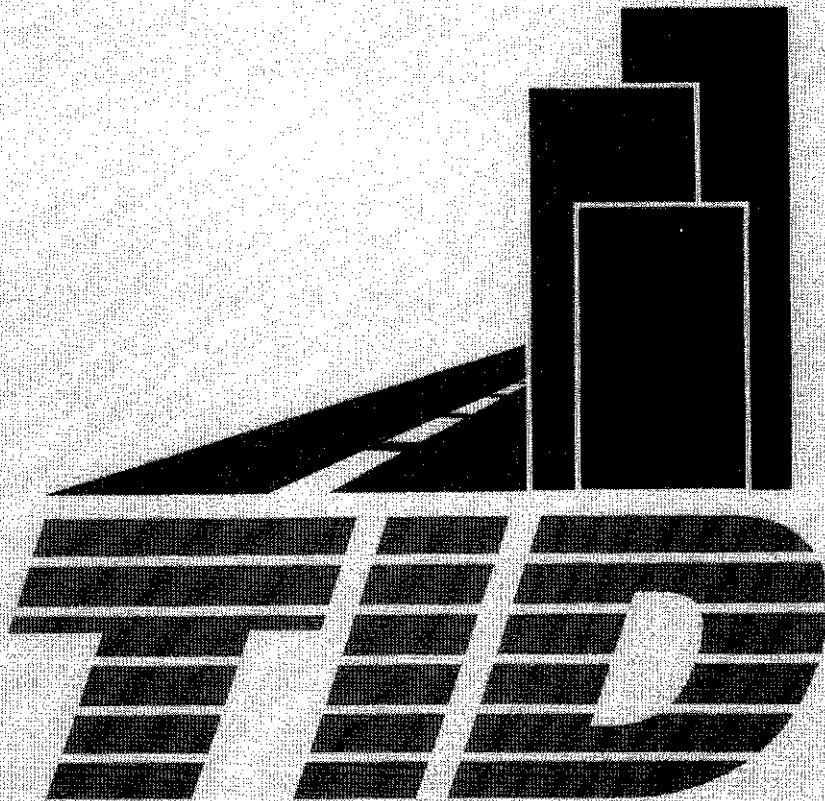
*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

June 30, 2004

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



**Comprehensive Annual Financial Report  
For the Year Ended December 31, 2003**

**Prepared by: David Gully, Secretary/Treasurer**

**Transportation Improvement District of Butler County, Ohio**  
**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2003**  
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# Transportation Improvement District of Butler County, Ohio Comprehensive Annual Financial Report



State Route 747 Phase 4 Starting at the  
Michael A. Fox Highway through Princeton  
Road Intersection

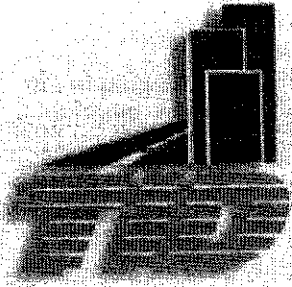


State Route 747 Phase 3 Starting at Tylersville  
Road through the Michael A. Fox Highway

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# BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

May 31, 2004

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, 2003. 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 2003.

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

The CAFR is divided into three sections:

1. *The Introductory Section* contains a letter of transmittal, our GFOA Certificate of Achievement for 2002 and organizational charts for the TID staff and Board of Trustees.
2. *The Financial Section* contains the independent accountants' report, management's discussion and analysis, basic financial statements, notes to the basic financial statements and the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. *The Statistical Section* includes selective financial, economic and demographic information about the TID and Butler County, which may be used to extrapolate trends in comparison to other fiscal years.

## FORM OF GOVERNMENT AND REPORTING ENTITY

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

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

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

the TID as prescribed by the Board of Trustees.

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

GAAP 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.

## *TID Focuses on improving traffic movement*

### *Liberty Interchange*

Liberty Township has experienced substantial economic development from the Michael A. Fox Highway at Cincinnati-Dayton Road and would like to capitalize on that success by utilizing over three hundred acres of prime development on the eastern end of the Michael A. Fox Highway. The Township approached the TID in 2001 to manage a feasibility study for changing the Michael A. Fox Highway into a full interchange at Interstate 75. The Township and Butler County would like to extend Cox Road from Hamilton-Mason Road, where it currently ends, north through the Township as a parallel facility or arterial to Interstate 75. The ultimate destination point would be State Route 63. The Fox Highway would then extend connections to the local arterial network.

The TID and Liberty Township spent the majority of the year working on two studies at the proposed interchange. The first was a feasibility analysis leading to an interchange modification study. The five step process, referring to the Ohio Department of Transportation's requirement, involved several meetings with key area stakeholders to determine what criteria the stakeholders wished to evaluate the proposed project on. After two meetings, the criteria were determined and the first of two public information meetings took place to inform the general public how the project was being studied.

The consultant, TID and Township worked very hard over the next several months to evaluate all nine alternatives under the criteria that the stakeholders had selected. In October, the preferred alternative was submitted to the stakeholders for approval and the **Collector/Distributor to Hamilton-Mason Road with a Cox Road Extension** was selected. The following week that selection was revealed at the last public information meeting. The Ohio Department of Transportation reviewed the five step process and passed along the report for review by the Federal Highway Administration. The report has subsequently been approved.

The environmental study started in December 2002. Typically, the environmental analysis does not occur until a project's alignment is proposed, reducing the amount of environmental testing involved. With a project of this size, the environmental analysis could take over a year to complete. The Ohio Department of Transportation (ODOT) was very understanding of the TID and Township's need to expedite the project development process. The environmental process is about half way through and the expected completion date is at the end of 2004.

The TID initiated the Interchange Modification Study, which is the third requirement for the Federal Highway Administration to allow a change in the current interstate system. The results of this study should be completed shortly.

### *State Route 747 Phase III and Phase IV Widening*

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

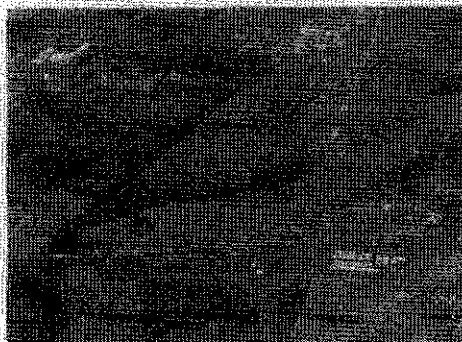
The TID completed the first phase of the widening project from south of Union Centre Boulevard to south of Smith Road in October 2000. The TID obtained federal funding through OKI for the second phase, extending the improvement to Tylersville Road. The Butler County Engineer's Office is now administering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

The TID received funding through OKI for phase three of the project, which continues from Tylersville Road to the Michael A. Fox Highway. The funding for construction will become available beginning in July 2005. Upon receiving word the TID was successful in construction funding, the two Townships - Liberty and West Chester - agreed to pay for the engineering work on the third phase of the project. In August, the Board of Trustees authorized a contract to proceed with the engineering design work. The workgroup has been working on right of way, utilities and final financing strategies. The project is expected to break ground in the spring of 2006.

For the fourth phase of State Route 747 widening, the project has progressed nicely. The engineering consultant has worked diligently on several different areas to expedite the process and has provided preliminary alignments and construction drawings. The construction process is being managed through the Butler County Engineer's Office with TID providing assistance for a portion of the right of way acquisitions.

Liberty Township created a Tax Increment Financing District in that area during 2002 and developers are ready to start their projects. The southwest and northeast corners have been rezoned and development plans are underway. The TID met with these businesses and discussed the improvements, the construction process, and financial commitments involved. This project is the prototype for what different entities coming together can do. To date there has been commitment of financing or right of way from developers, the Township, County Engineer, County Environmental Services, Ohio Department of Transportation and the TID.

### *Bypass State Route 4 Widening/Airport Access*



Anyone associated with the TID for an extended period of time has been asked this question: "When are you going to widen the Bypass?" As development has occurred over the past several years, Bypass State Route 4 (the "Bypass") has become more and more congested. People are even opting for taking State Route 4 through Fairfield and Hamilton instead of the Bypass. The TID formed a workgroup during 2002 to address the widening of the Bypass. Agreements were formed for the engineering and environmental work for the widening project. During this part of the project development process, the entire Bypass must be examined and included.

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

### *Other Project Areas*

Another area that the TID is looking into is called the "Fairfield-Hamilton Area Priority Transportation Improvements." The Board authorized Balke Engineers to perform preliminary studies in Fairfield and southern area of Hamilton assessing the potential various east-west corridors for improvement along with another Great Miami River crossing connecting to State Route 128. The TID wished to assess the potential of this area in terms of physical constraints to economic development and redevelopment.

## **ECONOMIC CONDITION AND OUTLOOK**

Southeastern Butler County (and the rest of the County) has seen government financing on the decline. With recent State of Ohio budget cuts, the local governments are strapped for finding ways to preserve money. The State has also continued with its restrictions on funding certain projects through their TRAC Program.

With the tightness in budgets, the local governments we are working with 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 getting more and more discussion as ways to pay for these necessary improvements.

Much like the rest of the country, Butler County and the TID have observed the increasing financial demands on local government. The TID continues to examine all the feasible ways to provide the services for which we were created in 1993.

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

## **CASH MANAGEMENT**

Cash temporarily idle during the year was invested in obligations of the U.S. Treasury, commercial paper, and repurchase agreements. The maturities range from from thirty days to three years, with an average maturity of one year. The average yield on investments was 1.79 percent for the government with the money management account averaging 2.0 percent for the year. Overall, the higher than average interest rate for the investments relates to the need for more liquid cash as construction projects progress.

## RISK MANAGEMENT

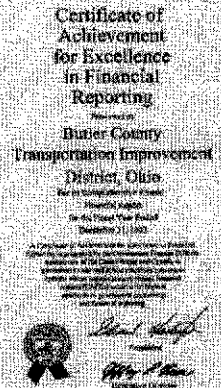
The TID maintains control over insurance through the Selective Insurance Company. The TID has had no settlements that exceeded the insurance coverage for the past eight years. The TID maintains workers' compensation coverage by paying premiums to the State Bureau of Workers' Compensation. The TID has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

## AUDIT

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

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the TID for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2002. This was the eighth consecutive year that the TID has received this award for excellence and the third 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.



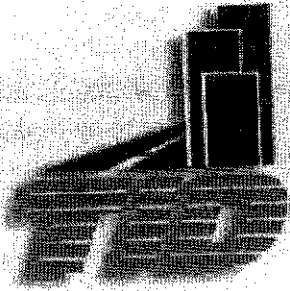
The TID staff works to develop a level of professionalism and sound financial reporting. The preparation and publication of this CAFR serves as a cornerstone for the TID's efforts. A special note of acknowledgment is presented to Fraunfelter Accounting Service for his work in the completion of this report. 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, 2003.

Respectfully submitted,

Sean Fraunfelter, CPA  
Finance and Administration

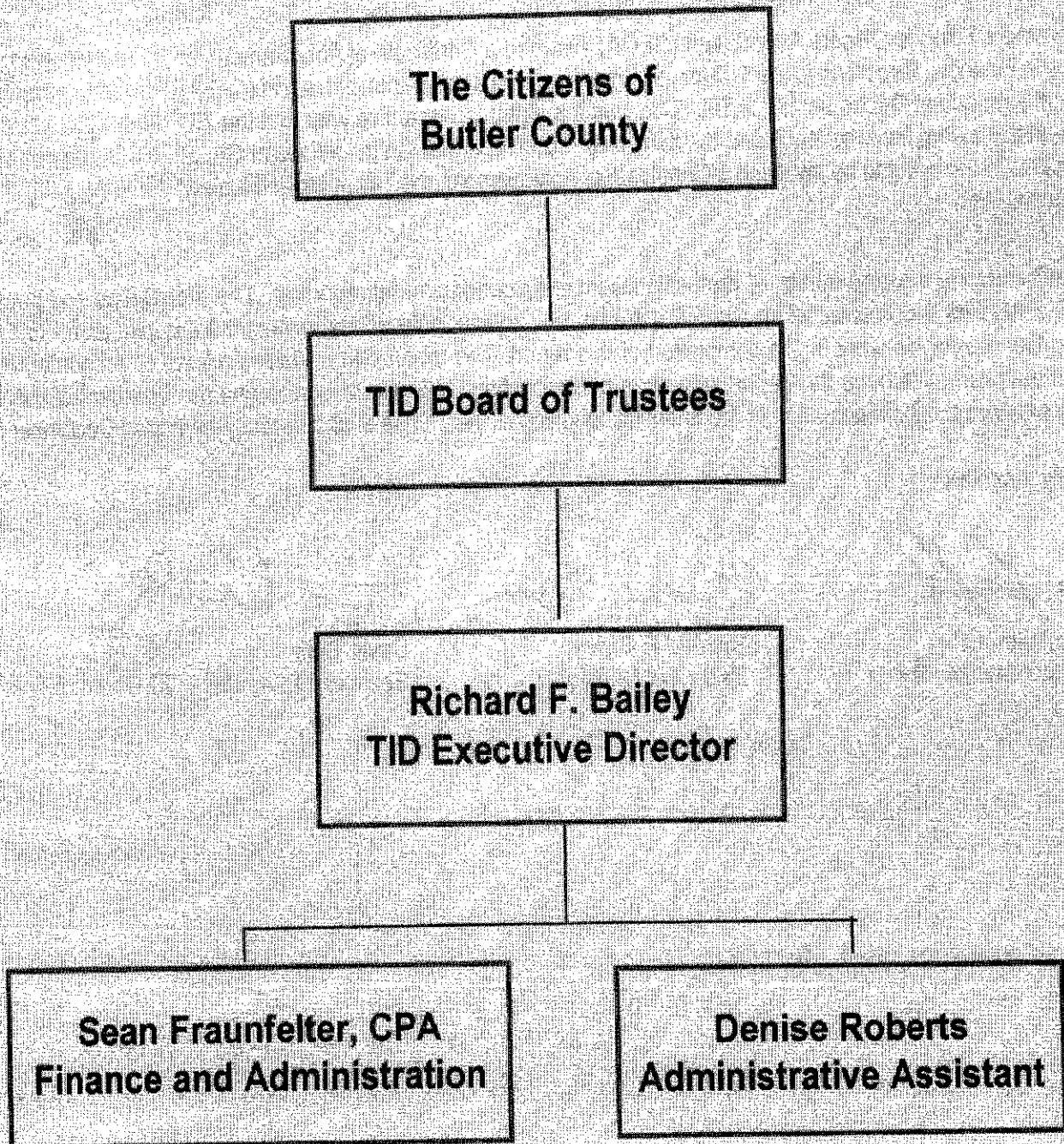
Richard F. Bailey  
Executive Director

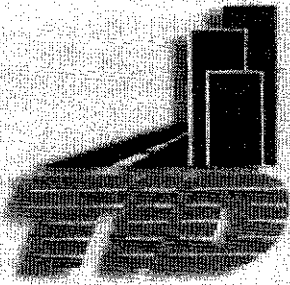
David Gully  
Secretary/Treasurer - TID Board of Trustees



# BUTLER COUNTY, OHIO TRANSPORTATION IMPROVEMENT DISTRICT

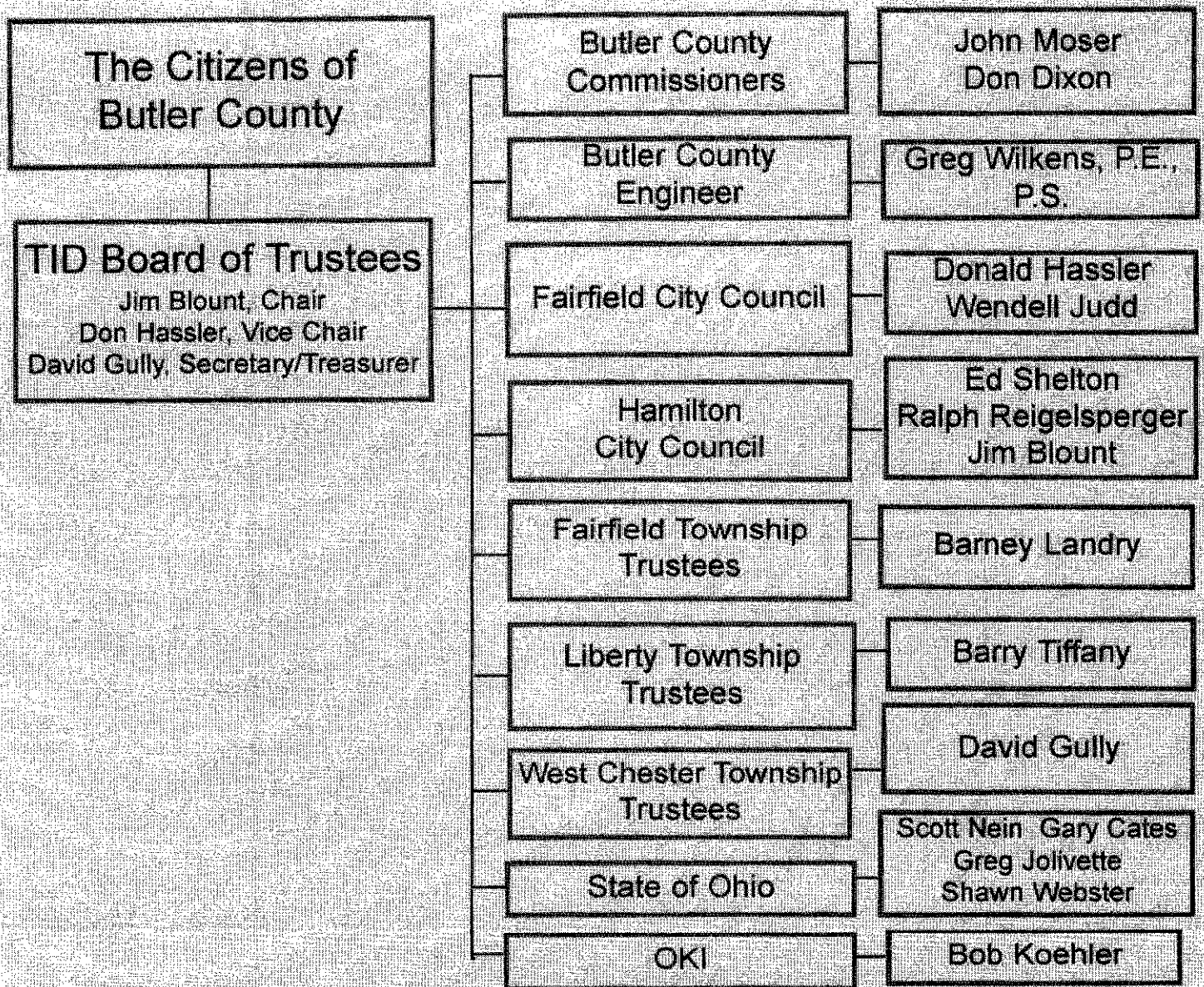
## 2003 Staff Organizational Chart

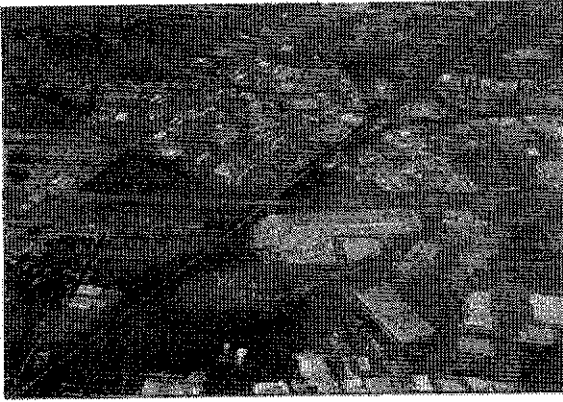




**BUTLER COUNTY, OHIO  
TRANSPORTATION IMPROVEMENT DISTRICT**

**2003 Board of Trustees  
Organizational Chart**





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



**Bypass State Route 4 at Symmes Road with Airport in background**



**Bypass State Route 4 at Tylersville Road with Airport in background**

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## Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio (the "District") as of and for the year ended December 31, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio as of December 31, 2003, 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.

**Solutions  
for  
Success**

In accordance with Government Auditing Standards, we have also issued our report dated April 9, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

*BKD, LLP*

April 9, 2004

# **TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2003**

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, 2003. Please review it in conjunction with the transmittal letter and District's basic financial statements, which begin on page 11.

## **FINANCIAL HIGHLIGHTS**

- Total net assets decreased \$24.5 million which represents a 41.9 percent decrease from 2002 accredited to the District dedicating \$24.9 million of infrastructure assets to the participating governments within the District structure which is recorded as a special item on the financial statements.
- General Revenues, excluding special items, accounted for \$1.3 million in revenues or 17.6 percent of all revenues. Program specific revenues in the form of charges for services and capital grants accounted for \$6.1 million or 82.4 percent of all revenues.
- The District dedicated \$24.9 million on infrastructure during the current year to participating governments.
- The District had \$7.0 million in expenses related to governmental activities with \$6.1 million in program revenues to cover the cost of those programs.
- Among the major funds, the Michael A. Fox Highway had revenues of \$12.4 million. The Michael A. Fox Highway continued to receive lease payments for annual debt service payments.

## **USING THIS ANNUAL REPORT**

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

### **Reporting the District as a Whole**

#### **The Statement of Net Assets and the Statement of Activities**

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

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

## Reporting the District's Most Significant Funds

### Fund Financial Statements

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

### Major Funds

- General
- Debt Service
- Michael A. Fox Highway
- Liberty Interchange

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

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

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

## THE DISTRICT AS A WHOLE

The District's total net assets changed from a year ago, decreasing from \$58.4 million to \$33.9 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)

	2002	2003
Current and other assets	\$ 26.0	\$ 24.2
Long term receivables	122.2	116.1
Capital assets	42.1	17.5
<b>Total Assets</b>	<b>190.3</b>	<b>157.8</b>
Long-term obligations	(128.0)	(116.2)
Other liabilities	(3.9)	(7.7)
<b>Total Liabilities</b>	<b>(131.9)</b>	<b>(123.9)</b>

	2002	2003
<b>Net assets:</b>		
Invested in capital assets, net of related debt	\$ 42.1	\$ 17.5
Restricted	14.3	14.5
Unrestricted	2.0	1.9
<b>Total net assets</b>	<b>\$ 58.4</b>	<b>\$ 33.9</b>

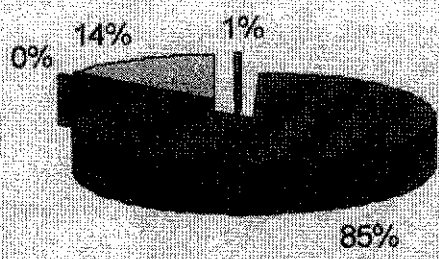
Net assets of the District's activities decreased 41.9 percent or \$24.5 million. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased from \$2.0 million to \$1.9 million at the end of 2003. The decrease can be attributed to having more outstanding reimbursements with the participating governments.

Table 2 compares the 2003 change in net assets to the 2002 change in net assets.

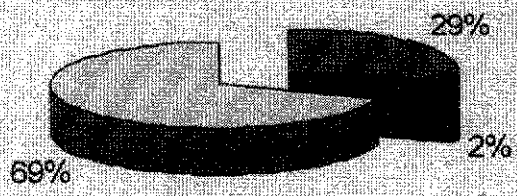
Table 2  
Changes in Net Assets for 2003  
Compared with 2002 activity  
(in millions)

	2002	2003	Change
<b>Program Revenues:</b>			
Charges for Services	\$ 0.2	\$ -	\$ (0.2)
Capital Grants	8.0	6.1	(1.9)
<b>General Revenues:</b>			
Operating Grants	0.3	0.3	-
Other	1.3	1.0	0.0
<b>Total Revenues</b>	<b>\$ 9.8</b>	<b>\$ 7.4</b>	<b>\$ (2.1)</b>
<b>Program Expenses</b>			
General Government	0.3	2.0	1.7
Fiscal Charges	0.5	0.1	(0.4)
Interest of Long-Term Debt	6.9	4.9	(2.0)
<b>Total Expenses</b>	<b>7.7</b>	<b>7.0</b>	<b>(0.7)</b>
<b>Excess Before Special Items</b>	<b>2.1</b>	<b>0.4</b>	<b>(1.7)</b>
Special Items	(14.8)	(24.9)	(10.1)
<b>Change in Net Assets</b>	<b>(12.7)</b>	<b>(24.5)</b>	<b>(11.8)</b>
<b>Ending Net Assets</b>	<b>\$ 58.4</b>	<b>\$ 33.9</b>	<b>\$ (24.5)</b>

2003 Governmental Activities Revenues



2003 Governmental Activities Expenses



■ Charges for Services ■ Capital Grants  
□ Operating Grants ■ Other

■ General Government ■ Fiscal Charges  
□ Interest of Long-Term Debt

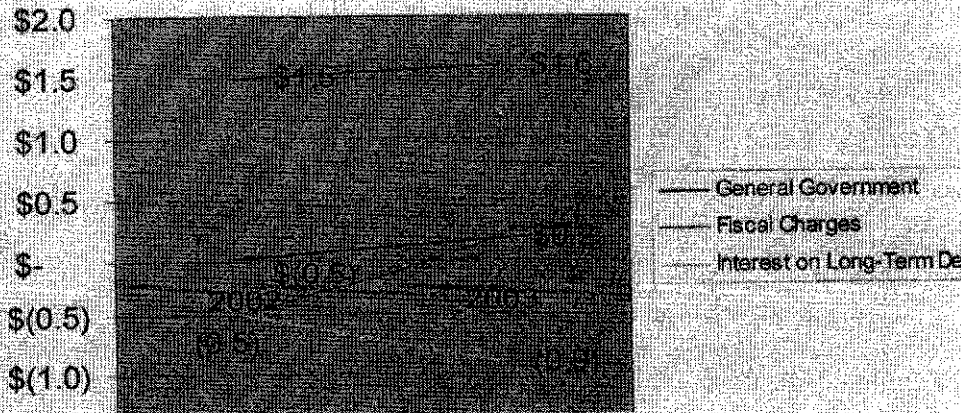
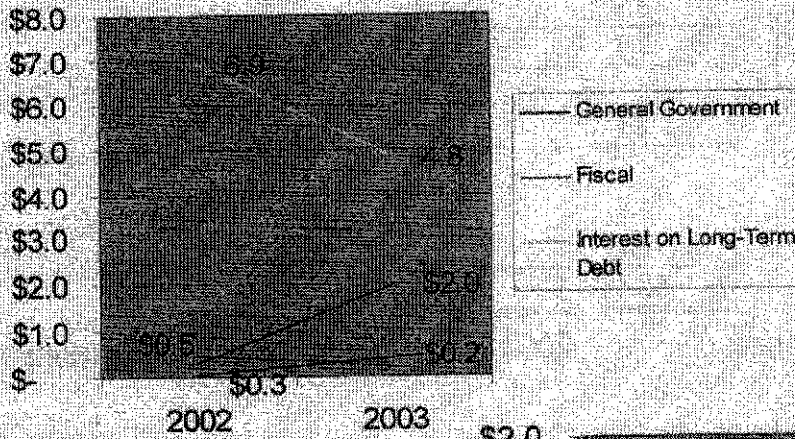
Table 3 presents the cost of each of the District's programs as well as each program's net cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the District by each of these functions.

Table 3  
Governmental Activities  
(in millions)

	Total Cost of Services		Net Cost of Services	
	2002	2003	2002	2003
General Government	\$ 0.3	\$ 2.0	\$ 1.5	\$ 1.6
Fiscal Charges	0.5	0.2	(0.5)	0.2
Interest on Long-Term Debt	6.9	4.8	(0.5)	(0.9)
<b>Total Expenses</b>	<b>\$ 7.7</b>	<b>\$ 7.0</b>	<b>\$ 0.5</b>	<b>\$ 0.9</b>

The increase in general government from 2002 to 2003 of \$1.7 million can be attributed the District's contingency payment to the Ohio Department of Transportation for administrative fees collected on the construction of the Michael A. Fox Highway. The money was used in connection with current projects the TID and ODOT agreed upon.

The graphs below depict the change in cost of services for the program expenses from 2002 to 2003 and also show the net cost of services for those expenses in the two years.



## THE DISTRICT'S FUNDS

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

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

	2002	2003	% Change
General	\$ 6.4	\$ 3.6	-43.8%
Debt Service	(0.4)	0.2	150.0%
Michael A. Fox Highway	13.1	13.7	4.6%
Liberty Interchange	(0.0)	(0.1)	(100.0)
Nonmajor Funds	0.6	0.6	0.0%
<b>Total Governmental Balances</b>	<b>\$ 19.7</b>	<b>\$ 18.0</b>	<b>-8.6%</b>

The 43.8% decrease in the **General Fund** can be credited to the District paying the administrative fee back through a project contribution per the agreement with the Ohio Department of Transportation. The District also collected less administration fee with fewer active projects. The fund was reimbursed from several capital projects for *start up* monies as the project funds were still in the initial phase.

The 4.6% increase in the **Michael A. Fox Highway Fund** is attributed to timing differences in the receipt of funds used for payment of the annual debt service requirements.

The large percentage increase is attributed to the District maintaining the final ten percent arbitrage payment on the special obligation bonds in the **Debt Service Fund** that won't be paid until the final year of the bonds.

The large percentage decrease in the **Liberty Interchange Fund** is a small amount but related to the District having several outstanding reimbursements at year end related to the project. The District pays for the contracts then receives reimbursements from the participating governments as it relates to their portion of the project cost.

Table 5 presents a summary of governmental fund revenues for the 2003 fiscal year and the amounts and percentages of increases and decreases in relation to the prior year.

Table 5  
Total Governmental Fund Revenues

Revenue Source	2003 Amount	Percent of Total	Increase (Decrease) Over 2002	Percent Increase (Decrease)
Intergovernmental	\$ 12,086,808	91.6%	\$ (2,595,721)	-17.7%
Charges for Services	22,771	0.2%	(27,598)	-54.8%
Investment Earnings	957,963	7.3%	10,357	1.1%
Change in Fair Value	(4,629)	0.0%	(25,209)	-122.5%
Other	130,973	0.9%	(298,347)	-69.5%
<b>Total</b>	<b>\$ 13,193,886</b>	<b>100.0%</b>	<b>\$ (2,936,518)</b>	<b>-18.2%</b>

The 17.7% decrease in **intergovernmental revenues** and 54.2% decrease in **charges for services** can be related to the District only having one active project and two studies during the 2003 year. All the District's projects are funded through local government participation contracts. With less project activity in 2003, the District received less revenues.

The 1.1% increase in **investment earnings** is attributed to the District evaluating all possible investment vehicles and maximizing the rate of return.

The 69.5% decrease in **other revenues** is attributed to the refund of several prior expenditures that are classified as miscellaneous receipts in 2002.

Table 6 presents the General Fund budget and the difference between the original budget and final budget for fiscal year 2003. 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	13,600	13,600	-
Investment Earnings	94,400	94,400	-
<b>Expenditures:</b>			
Current:			
General Government	401,628	2,070,346	(1,668,718)
<b>Other Financing Uses</b>			
Transfers Out	-	(1,144,091)	(1,144,091)



Table 7  
Final Budget versus Actual Results  
General Fund

	Final Budget	Actual	Variance
<b>Revenues:</b>			
Intergovernmental	\$ 250,000	\$ 48,000	\$ (202,000)
Charges for Services	13,600	18,650	5,050
Investment Earnings	94,400	28,591	(65,809)
Change in Fair Value of Investments	-	(4,629)	(4,629)
All Other	-	7,766	7,766
<b>Expenditures:</b>			
Current:			
General Government	2,070,346	2,009,757	60,589
<b>Other Financing Uses</b>			
Transfers Out	(1,144,091)	(1,141,591)	2,500

### Original versus Final Budget

The District did not have any changes for original to final budgeted revenues since the District was able to reasonably estimate the predicted revenue sources throughout the year.

The difference in **General Government** can be attributed to the need to increase the original budget, which is required to be approved by the Board of Trustees by July 15 of each, for the return payment to the Ohio Department of Transportation for the administrative fee collected on the construction of the Michael A. Fox Highway. The District also decreased personal services within the general government function since one of the employees left and served a contract. The District saw a solid savings with this activity.

The difference in **Transfer Out** can be attributed to the District closing out several capital project funds on a project basis - Michael A. Fox Highway. The District had expended monies in relation to the agreement with ODOT from this fund and the fund need to be reimbursed from the General Fund for this activity.

### Final Budget versus Actual Results

The variance in **Intergovernmental Revenue** is attributed to the District not receiving the Ohio Department of Development operating monies until January 2004. The monies shown related to government participation on certain studies, which was not budgeted in the final amount.

# CAPITAL ASSETS AND DEBT ADMINISTRATION

## Capital Assets

At year-end, the District had \$17.5 million invested in construction in progress assets. This amount represents a net decrease (including additions and deletions) of \$24.5 million, or 58.3%, over the last year. The \$4 million of additions can be charged to the local governments continued use of the District's ability to process and relates to environmental or engineering cost. The amount is smaller than previous years since there is not actual construction occurring this year. The larger decrease is recognized for the District filing dedication plats for Union Centre Boulevard and Extension projects. Once a project is dedicated to the participating government it is removed for the District's records. For more information on capital assets see Note 7 of the financial statements.

## Debt Administration

At year-end, the District had \$122.4 million in outstanding special obligation bonds payable versus \$130.2 million last year, a decrease of 6.0%. The fiscal year 2003 interest rate was 4.75% with the interest rate graduating to 6.0% in the year of maturity in 2017. For a breakdown of the interest payment schedule, refer to Note 10 of the the basic financial statements.

## ECONOMIC FACTORS

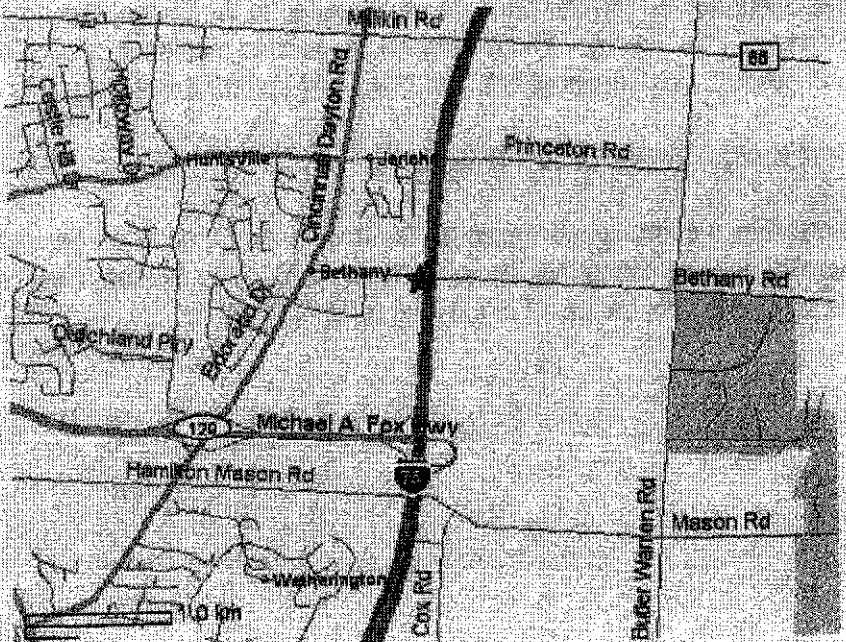
The District has operated solely in Southeastern Butler County since its 1994 formation. The District is currently looking at opportunities for expanding north of Hamilton, west to the Trenton/Oxford part of the County with a current study looking at alternatives around the City of Hamilton. The District is also working on engineering for the extension of the Michael A. Fox Highway eastward into Liberty Township with Cox Road being a parallel connector running with Interstate 75 from the Michael A. Fox Highway to State Route 63.

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

## REQUEST FOR INFORMATION

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

Sean Fraunfelder, CPA  
Finance and Administration



# TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

## STATEMENT OF NET ASSETS DECEMBER 31, 2003

**Assets:**

**Current Assets:**

Cash and Cash Equivalents	\$	2,454,678
Investments		688,132
Restricted Cash with Fiscal Agent		208,991
Accounts Receivable (net)		5,000
Intergovernmental Receivables		443,571
Current Portion of Long-Term Receivable		6,100,000
<b>Total Current Assets</b>		<b>9,900,372</b>

**Noncurrent Assets:**

Restricted Investments		14,316,635
Long-Term Receivable		116,130,000
Capital Assets - Construction in Progress		17,546,423
<b>Total Noncurrent Assets</b>		<b>147,993,058</b>
<b>Total Assets</b>		<b>157,893,430</b>

**Liabilities:**

**Current Liabilities:**

Accounts Payable		31,450
Contracts Payable		16,383
Accrued Wages and Benefits		5,984
Intergovernmental Payable		1,724
Accrued Interest Payable		1,527,875
Current Portion of Long-Term Debt		6,100,000
<b>Total Current Liabilities</b>		<b>7,683,416</b>

**Noncurrent Liabilities:**

Accrued Liabilities		163,647
Special Obligation Bonds Payable		116,130,000
<b>Total Liabilities</b>		<b>123,977,063</b>

**Net Assets:**

Invested in Capital Assets, Net of Related Debt		17,546,423
Restricted for:		
Capital Improvements		608,986
Debt Service		13,913,645
Unrestricted		1,847,313
<b>Total Net Assets</b>		<b>\$ 33,916,367</b>

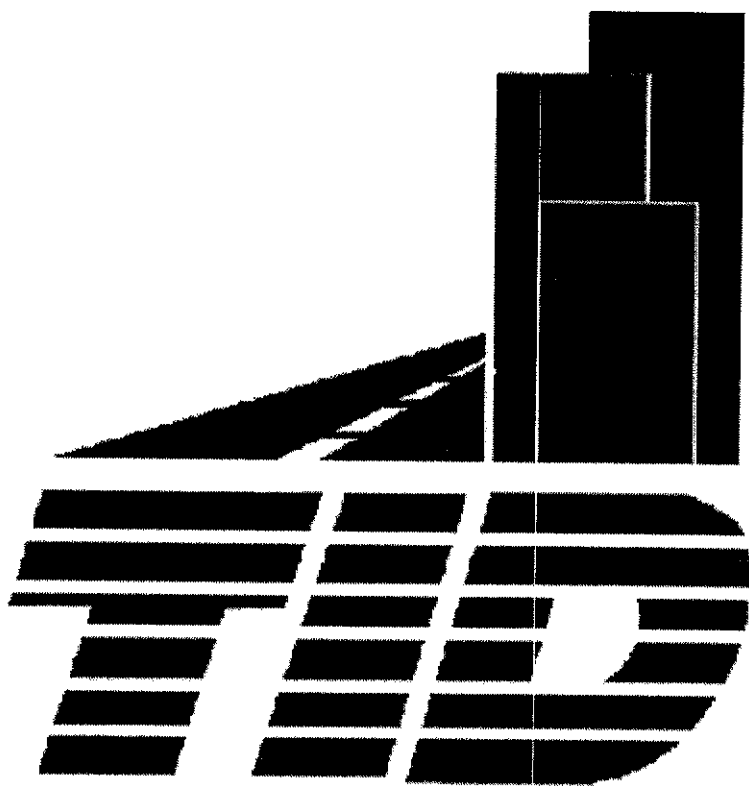
See accompanying notes to the financial statements

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>Functions/Programs</b>	<b>Program Revenues</b>			<b>Net Revenue and Change in Net Assets</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government Governmental Activities</b>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 2,022,332	\$ 45,973	\$ 370,358	\$ (1,606,001)
Fiscal Charges	163,647	-	-	(163,647)
Interest on Long-Term Debt	4,809,798	-	5,736,408	926,610
<b>Total Primary Government</b>	<b>\$ 6,995,777</b>	<b>\$ 45,973</b>	<b>\$ 6,106,766</b>	<b>(843,038)</b>
General Revenues:				
Grants and Contributions not Restricted to Specific Programs				250,000
Unrestricted Investment Earnings				957,963
Change in Fair Value of Investments				(4,629)
Miscellaneous				106,550
Special Item				(24,940,253)
Total General Revenues and Special Item				(23,630,369)
Change in Net Assets				(24,473,407)
Net Assets - Beginning				58,389,774
Net Assets - Ending				<b>\$ 33,916,367</b>

See accompanying notes to the financial statements



# TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**BALANCE SHEET -  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2003**

	<u>General</u>	<u>Debt Service</u>	<u>Michael A. Fox Highway</u>	<u>Liberty Interchange</u>
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 2,453,117	\$ -	\$ 322	\$ -
Investments	688,132	-	-	-
Receivables:				
Accounts, net	-	5,000	-	-
Intergovernmental	257,366	-	-	153,772
Interfund Loan	229,484	-	-	-
Lease	-	122,230,000	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	-	-	-
Cash with Fiscal Agent	-	199,757	9,234	-
Investments	-	-	13,708,888	-
<b>Total Assets</b>	<b><u>\$ 3,628,099</u></b>	<b><u>\$ 122,434,757</u></b>	<b><u>\$ 13,718,444</u></b>	<b><u>\$ 153,772</u></b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Payable:				
Accounts	\$ 10,859	\$ -	\$ -	\$ -
Contracts	-	-	-	16,383
Accrued Wages and Benefits	5,984	-	-	-
Intergovernmental	1,724	-	-	-
Interfund Loan	-	-	-	204,866
Deferred Revenue	1,702	122,230,000	-	70,488
<b>Total Liabilities</b>	<b><u>20,269</u></b>	<b><u>122,230,000</u></b>	<b><u>-</u></b>	<b><u>291,737</u></b>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	4,487	-	-	315,467
Debt Service	-	204,757	13,708,888	-
Unreserved, reported in:				
General	3,603,343	-	-	-
Debt Service	-	-	9,556	-
Capital Projects (Deficit)	-	-	-	(453,432)
<b>Total Fund Balances (Deficit)</b>	<b><u>3,607,830</u></b>	<b><u>204,757</u></b>	<b><u>13,718,444</u></b>	<b><u>(137,965)</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 3,628,099</u></b>	<b><u>\$ 122,434,757</u></b>	<b><u>\$ 13,718,444</u></b>	<b><u>\$ 153,772</u></b>

See accompanying notes to the financial statements

**Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2003**

Other Governmental Funds	Total Governmental Funds		
		<b>Total Governmental Fund Balances</b>	<b>\$ 17,956,843</b>
		<b><i>Amounts reported in governmental activities in the statement of net assets are different because:</i></b>	
\$ 1,239	\$ 2,454,678	Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	17,546,423
-	688,132		
-	5,000		
32,433	443,571	Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(163,647)
-	229,484		
-	122,230,000		
607,747	607,747	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	122,334,623
-	208,991		
-	13,708,888		
<b>\$ 641,419</b>	<b>\$ 140,576,491</b>	Accrued interest on long-term bonds is not accounted for under modified accrual and therefore is not reported in the funds.	(1,527,875)
\$ 20,591	\$ 31,450	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(122,230,000)
-	16,383		
-	5,984		
-	1,724		
24,618	229,484	<b>Net Assets of Governmental Activities</b>	<b>\$ 33,916,367</b>
32,433	122,334,623		
77,642	122,619,648		
80,416	400,370		
-	13,913,645		
-	3,603,343		
-	9,556		
483,361	29,929		
563,777	17,956,843		
<b>\$ 641,419</b>	<b>\$ 140,576,491</b>		

## TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2003

	General	Debt Service	Michael A. Fox Highway	Liberty Interchange
<b>Revenues:</b>				
Intergovernmental	\$ 299,500	\$ -	\$ 11,546,408	\$ 228,290
Charges for Services	22,771	-	-	-
Investment Earnings	75,240	297	882,426	-
Change in Fair Value of Investments	(4,629)	-	-	-
All Other	43	110,930	-	-
	<b>392,925</b>	<b>111,227</b>	<b>12,428,834</b>	<b>228,290</b>
Total Revenues				
<b>Expenditures:</b>				
Current:				
General Government	2,003,339	-	1,898	-
Capital Outlay	-	-	-	353,711
Debt Service:				
Principal	-	5,810,000	-	-
Interest and Fiscal Charges	-	6,199,682	463,943	-
	<b>2,003,339</b>	<b>12,009,682</b>	<b>465,841</b>	<b>353,711</b>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>(1,610,414)</b>	<b>(11,898,455)</b>	<b>11,962,993</b>	<b>(125,421)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	6,853	12,518,613	1,139,091	-
Transfers Out	(1,141,591)	(2,500)	(12,518,613)	-
	<b>(1,134,738)</b>	<b>12,516,113</b>	<b>(11,379,522)</b>	<b>-</b>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(2,745,152)	617,658	583,471	(125,421)
Fund Balances (Deficit) - beginning	6,352,982	(412,901)	13,134,973	(12,544)
Fund Balances (Deficit) - ending	<b>\$ 3,607,830</b>	<b>\$ 204,757</b>	<b>\$ 13,718,444</b>	<b>\$ (137,965)</b>

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, 2003**

Other Governmental Funds	Total Governmental Funds		
		<b>Net Change in Governmental Fund Balances</b>	\$ (1,699,171)
\$ 12,610	\$ 12,086,808	<b>Amounts reported for the governmental activities in the statement of activities are different because:</b>	
-	22,771		
-	957,963	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.	397,100
-	(4,629)		
20,000	130,973		
32,610	13,193,886		
-	2,005,237	The statement of activities reflects removal of construction in progress as a special item; however, the governmental funds do not recognize the extinguishment of those assets.	(24,940,253)
60,484	414,195		
-	5,810,000	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	78,737
-	6,663,625		
60,484	14,893,057	Collection of long-term receivables is not reflected in the statement of activities, whereas in governmental funds it is reported as revenue.	(5,810,000)
(27,874)	(1,699,171)		
5,000	13,669,557	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long- term liabilities in the statement of net assets.	5,810,000
(6,853)	(13,669,557)		
(1,853)	-	In the statement of activities, interest and charges are accrued on outstanding bonds, whereas, in governmental funds, they are reported when due.	1,690,180
(29,727)	(1,699,171)		
593,504	19,656,014	<b>Change in Net Assets of Governmental Activities</b>	<u><u>\$ (24,473,407)</u></u>
\$ 563,777	\$ 17,956,843		

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

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

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

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

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

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

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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 thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

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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.

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

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

Liberty Interchange Capital Projects Fund – This project involves the reconfiguration of the current terminus of the Michael A. Fox Highway at Interstate 75. The interchange is being reconstructed to allow an eastward through a collector-distributor with the Hamilton-Mason Road Bridge.

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

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

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003*

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Expenses/Expenditures*

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

**D. Cash and Cash Equivalents**

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

During fiscal year 2003, investments were limited to Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes, Money Market Mutual Funds and Guaranteed Investment Contracts. Investments for the District are valued at fair value.

Following Ohio statutes, the Board of Trustees has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2003 amounts to \$75,240, which includes \$547 assigned from other District funds. The Debt Service and Michael A. Fox Highway capital projects fund also received interest on trust accounts of \$297 and \$882,426, respectively.

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

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Restricted Assets**

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

**F. Interfund Transactions**

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

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

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

**G. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not. The District maintains the ownership of the asset until a dedication plat is filed with the participating government for recording of the road. During 2003, the District assigned ownership of \$24,940,253 in construction in progress assets to local governments (see note 13).

**H. Compensated Absences**

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

**I. Intergovernmental Revenues**

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

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Reservations of Fund Balance**

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

**K. Net Assets**

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

**L. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**M. Deferred Revenues**

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

**N. Accrued Liabilities**

The District reports accrued liabilities on the statement of net assets. The District reports a \$163,647 accrued liability for federal arbitrage earnings that are considered rebatable earnings. The District is required to pay ninety percent of the arbitrage every five years with the remaining ten percent paid at maturity of the bonds.

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Reconciliation of Government-Wide and Fund Financial Statements**

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

The governmental fund balance sheet includes reconciliation between *total governmental fund balances* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$122,393,647 are as follows:

Accrued Liabilities:	
Arbitrage Payable	\$163,647
Special Obligation Bonds Payable	<u>122,230,000</u>
Net Adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$122,393,647</u>

**NOTE 2 – ACCOUNTABILITY AND CHANGE IN ACCOUNTING PRINCIPLE**

**Fund Deficits**

As of December 31, 2003, Liberty Interchange and State Route 747 Capital Projects Funds had deficit fund balances of \$137,965 and \$45,209 respectively. The deficits were created through recognition of amounts owed but not yet paid by the funds (accounts payable). The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Change in Accounting Principle**

During 2003, the District implemented *GASB Statement No. 40, “Deposit and Investment Risk Disclosure – an amendment to GASB Statement No. 3”*. The Statement is designed to inform financial statement users about deposit and investment risks that could affect a government’s ability to provide services and meet its obligations as they become due. The statement includes additional disclosures about the credit ratings and timing of certain investments as shown in Note 3. The implementation had no effect on beginning fund balance or net assets of the District.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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



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

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

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

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

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

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

**A. Deposits**

At year-end the carrying amount of the District’s deposits was \$2,494,645 and the bank balance was \$4,507,588. Federal depository insurance coverage did not apply to the bank balance. The deposits were collateralized as defined by GASB (securities are pledged with the pledging financial institution’s trust department or agent in the District’s name).

**B. Investments**

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

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

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

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

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

The District's Investments at December 31, 2003 are summarized below:

Investment	Maturity Year	0-1 Years Before Maturity	1-5 Years Before Maturity	6 + Years Before Maturity	Credit Rating
US Bank Money Market	2003	\$19,039	\$0	\$0	AAA/V-1+
Federal National Mort. Assoc.	2004	149,985	0	0	NA
Federal National Mort. Assoc.	2005	0	149,720	0	NA
Federal Home Loan Bank	2005	0	400,126	0	NA
Federal Home Loan Bank	2006	0	348,533	0	NA
Federal National Mort. Assoc.	2006	0	397,500	0	NA
Guaranteed Investment Contact	2019	0	0	13,708,888	AAA
Totals		<u>\$169,024</u>	<u>\$1,295,879</u>	<u>\$13,708,888</u>	

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

**C. Reconciliation of Cash, Cash Equivalents and Investments**

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

	Cash and Cash Equivalents	Investments
Cash, Cash Equivalents and Investments	\$2,663,669	\$15,004,767
<u>Investments:</u>		
Federal National Mortgage Association	(149,985)	149,985
Money Market Mutual Fund	(19,039)	19,039
GASB Statement No. 3	\$2,494,645	\$15,173,791

**NOTE 4 – INTERFUND BALANCES**

Interfund balances at December 31, 2003, 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	\$229,484	\$0
Capital Projects Funds:		
Liberty Interchange		204,866
Nonmajor Funds	0	24,618
Total Capital Projects Funds	0	229,484
Totals	\$229,484	\$229,484

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

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

**NOTE 5 – TRANSFERS**

The following is a summary of transfers in and out for all funds for 2003:

Fund	Transfer In	Transfer Out
General Fund	\$6,853	\$1,141,591
Debt Service Fund	12,518,613	2,500
Capital Projects Funds		
Michael A. Fox Highway Fund	1,139,091	12,518,613
Nonmajor Funds	5,000	6,853
Total Capital Projects Funds	1,143,091	12,525,466
Totals	\$13,669,557	\$13,669,557

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

**NOTE 6 – INTERGOVERNMENTAL REVENUES AND CHARGES FOR SERVICES**

The following entities, which are a part of the District, have contributed the following funds during 2003:

Member Name	Contribution	Charge for Service
Ohio Department of Transportation	\$12,473,625	\$0
Liberty Township	250,902	6,848
City of Hamilton	12,000	0
City of Fairfield	12,000	0
Butler County	12,000	0
Montgomery County TID	0	15,800

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

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

**NOTE 7 – CAPITAL ASSETS**

Summary by category of changes in capital assets:

Category	December 31, 2002	Additions	Deletions	December 31, 2003
Construction in Progress	\$42,089,576	\$397,100	\$24,940,253	\$17,546,423
Totals	\$42,089,576	\$397,100	\$24,940,253	\$17,546,423

**NOTE 8 – DEFINED BENEFIT PENSION AND POSTEMPLOYMENT BENEFITS PLANS**

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The employer contribution rate was 13.55%, 8.55% to fund the pension and 5% to fund health care. The contribution requirements of plan members and the District are established and may be amended by the Public Employees Retirement Board. The District's contributions to the PERS of Ohio for the years ending December 31, 2003, 2002 and 2001 were \$12,235, \$13,636 and \$14,624, respectively, 92.61 percent has been contributed for fiscal year 2003 and 100 percent has been contributed for fiscal years 2002 and 2001.

The PERS of Ohio provides postemployment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage to be provided by the retirement system is considered Other Postemployment Benefits as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5% of covered payroll, which amounted to \$7,024.

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 8 – DEFINED BENEFIT PENSION AND POSTEMPLOYMENT BENEFITS PLANS (Continued)**

Other Postemployment Benefits (OPEB) are advanced-funded on an actuarially determined basis. The assumption and calculation below were based on the System's latest actuarial review performed as of December 31, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. As of December 31, 2002, the actuarial value of net assets available for future OPEB payments was \$10.0 billion. The actuarially accrued liability and the unfunded actuarially accrued liability based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively. The number of active contributing participants for OPEB at December 31, 2002 was 364,881.

**NOTE 9 – LEASE**

In 1996, the District entered into a Master Lease Agreement with the Ohio Department of Transportation (ODOT). The District will receive lease payments equal to the debt service requirements on the 1997 Highway Improvement Bonds for twenty years. In return the District will lease the Michael A. Fox Highway to ODOT. The lease expired on June 30, 2003 and was renewed for successive terms not to exceed two years upon appropriation by the Ohio General Assembly to ODOT of the amounts required for lease payments for each successive term.

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

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

The following is a summary of future annual lease payments:

Year	Principal	Interest	Total
2004	\$6,100,000	\$6,518,375	\$12,618,375
2005	6,405,000	6,213,375	12,618,375
2006	6,725,000	5,893,125	12,618,125
2007	7,060,000	5,556,875	12,616,875
2008	7,415,000	5,276,700	12,691,700
2009-2013	43,915,000	20,671,125	64,586,125
2014-2017	44,610,000	5,858,644	50,468,644
	<u>\$122,230,000</u>	<u>\$55,988,219</u>	<u>\$178,218,219</u>

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 10 – LONG-TERM OBLIGATIONS**

	Balance December 31, 2002	(Retired)	Balance December 31, 2003	Due Within One Year
<b>Governmental Activities:</b>				
Accrued Liabilities	\$2,143,426	(\$1,979,779)	\$163,647	\$0
Special Obligation Bonds:				
4.75-6.00% 1997				
Highway Improvement	128,040,000	(5,810,000)	122,230,000	6,100,000
<b>Governmental Activity</b>				
Long-Term Liabilities	<u>\$130,183,426</u>	<u>(\$7,789,779)</u>	<u>\$122,393,647</u>	<u>\$6,100,000</u>

On October 1, 1997, the District issued \$158,485,000 in bonds for the purpose of acquisition, design and construction of the Michael A. Fox Highway between State Route 4 and Interstate 75, including the interchange at Interstate 75 and the design and construction of any necessary modifications to Interstate 75 required by the Federal Highway Administration resulting from the construction of the Union Centre and Michael A. Fox Highway interchanges. The bonds are being repaid from the Debt Service Fund with a final maturity in 2017.

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

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

<u>Special Obligation Bonds</u>			
Year	Principal	Interest	Total
2004	\$6,100,000	\$6,518,375	\$12,618,375
2005	6,405,000	6,213,375	12,618,375
2006	6,725,000	5,893,125	12,618,125
2007	7,060,000	5,556,875	12,616,875
2008	7,415,000	5,276,700	12,691,700
2009-2013	43,915,000	20,671,125	64,586,125
2014-2017	44,610,000	5,858,644	50,468,644
	<u>\$122,230,000</u>	<u>\$55,988,219</u>	<u>\$178,218,219</u>

**NOTE 11 – CONSTRUCTION COMMITMENTS**

The District has two major outstanding contracts for services. The following amounts remain on these contracts as of December 31, 2003:

<u>Project and Contractor</u>	<u>Outstanding Balance</u>
Liberty Interchange – Resource International	\$278,601
LJB, Inc – State Route 747	101,007



**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 12 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2003, the District contracted with the Personal Service Insurance Co. for liability, property, and crime damage. Coverages provided by the company are as follows:

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

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

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

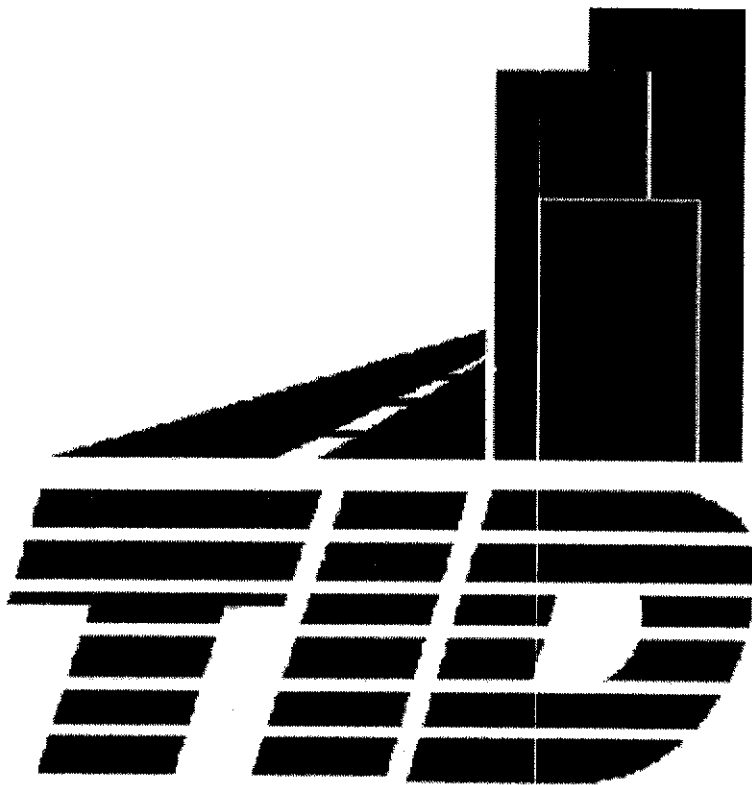
Workers' compensation coverage is maintained by paying premiums to the State Bureau of Workers' Compensation. The premium is calculated based upon accident history and administrative costs.

**NOTE 13 – SPECIAL ITEMS**

During the year, the District retired \$24,940,253 in construction in progress capital assets. The District manages construction projects for local governments and maintains ownership of those assets until a dedication plat is filed with the county or city for the roadway. The District dedicated the assets related to the Union Centre Interchange and Boulevard projects which covers about four miles. The removal of those assets is reflected on the statement of activities under general revenues.

**NOTE 14 – CONTINGENCIES**

As of December 31, 2003, the District has one pending litigation. The District was being sued for standard culvert design that resulted in flooding of a property. The District does not believe there will be any monetary damages caused by this litigation.



**REQUIRED SUPPLEMENTARY INFORMATION**

# TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 48,000	\$ (202,000)
Charges for Services	13,600	13,600	18,850	5,050
Investment Earnings	94,400	94,400	28,591	(65,809)
Change in Fair Value of Investments	-	-	(4,629)	(4,629)
All Other	-	-	7,766	7,766
Total Revenues	358,000	358,000	98,378	(259,622)
<b>Expenditures:</b>				
Current:				
General Government				
Personal Services	267,028	219,645	195,379	24,266
Contractual Services	94,400	142,800	138,121	4,679
Materials and Supplies	8,600	73,600	66,956	6,644
Administrative Refund - ODOT		1,609,301	1,609,301	-
Other	31,600	-	-	-
Total General Government	401,628	2,045,346	2,009,757	35,589
Deficiency of Revenues Under Expenditures	(43,628)	(1,687,346)	(1,911,379)	(224,033)
<b>Other Financing Uses:</b>				
Transfers Out	-	(1,144,091)	(1,141,591)	2,500
Total Other Financing Uses	-	(1,144,091)	(1,141,591)	2,500
Deficiency of Revenues Under Expenditures and Other Financing Uses	(43,628)	(2,831,437)	(3,052,970)	(221,533)
Fund Balance Beginning of Year	6,423,499	6,423,499	6,423,499	-
Prior Year Encumbrances	574	574	574	-
Fund Balance End of Year	\$ 6,380,445	\$ 3,592,636	\$ 3,371,103	\$ (221,533)
		Budget Basis	\$ (3,052,970)	
		Revenue Accruals	294,547	
		Expenditure Accruals	1,931	
		Encumbrances	4,487	
		Transfer Accruals	6,853	
		GAAP Basis	\$ (2,745,152)	

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2003**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Budgetary Process**

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

The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified by resolution of the District Board. All funds are required to be budgeted and appropriated except for the Union Centre Boulevard Fund which has no budgetary basis activity in 2003. The level of budgetary control is at the object level for the District. Any budgetary modifications at this level may only be made by resolution of the District Board. Supplemental appropriations were necessary during the year which increased and decreased the original budget amounts.

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

1. **Estimated Resources**

As part of the District's budgetary process, the Board approves the official estimated resources. The official estimated resources states the projected revenue of each fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the official estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the estimated resources is amended to include any unencumbered balances from the preceding year. The estimated resources may be further amended during the year if the Board determines that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2003.

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2003**

**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.



## COMBINING STATEMENTS AND SCHEDULES



## NONMAJOR GOVERNMENTAL FUNDS

### CAPITAL PROJECTS FUND

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

#### **Union Centre Extension Fund**

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

#### **State Route 747 Fund**

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

#### **Muhlhauser Road Fund**

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

#### **Princeton Road at State Route 4 Bypass Fund**

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

#### **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 seek construction funding through either the OKI or ODOT TRAC processes.



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2003

	CAPITAL PROJECTS				
	Union Centre Extension	State Route 747	Muhlhauser Road	State Route 4 Bypass Widening	Total Nonmajor Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 1,084	\$ -	\$ -	\$ 155	\$ 1,239
Receivables from Other Governments	-	32,433	-	-	32,433
Restricted Assets:					
Cash and Cash Equivalents	-	-	607,747	-	607,747
<b>Total Assets</b>	<b>\$ 1,084</b>	<b>\$ 32,433</b>	<b>\$ 607,747</b>	<b>\$ 155</b>	<b>\$ 641,419</b>
<b>Liabilities:</b>					
Accounts Payable	\$ -	\$ 20,591	\$ -	\$ -	\$ 20,591
Interfund Loan Payable	-	24,618	-	-	24,618
Deferred Revenue	-	32,433	-	-	32,433
<b>Total Liabilities</b>	<b>-</b>	<b>77,642</b>	<b>-</b>	<b>-</b>	<b>77,642</b>
<b>Fund Balances:</b>					
Fund Balances:					
Reserved for Encumbrances	-	80,416	-	-	80,416
Unreserved (Deficit)	1,084	(125,825)	607,747	155	483,361
<b>Total Fund Balances</b>	<b>1,084</b>	<b>(45,209)</b>	<b>607,747</b>	<b>155</b>	<b>563,777</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,084</b>	<b>\$ 32,433</b>	<b>\$ 607,747</b>	<b>\$ 155</b>	<b>\$ 641,419</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, 2003**

	CAPITAL PROJECTS		
	Union Centre Extension	State Route 747	Muhlhauser Road
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 12,610	\$ -
All Other	-	10,000	-
Total Revenues	-	22,610	-
<b>Expenditures:</b>			
Capital Outlay	761	54,853	25
Excess (Deficiency) of Revenues Over (Under) Expenditures	(761)	(32,243)	(25)
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(761)	(32,243)	(25)
Fund Balance (Deficit) Beginning of Year	1,845	(12,966)	607,772
Fund Balance (Deficit) End of Year	\$ 1,084	\$ (45,209)	\$ 607,747

Princeton Road at State Route 4 Bypass	State Route 4 Bypass Widening	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 12,610
10,000	-	20,000
<u>10,000</u>	<u>-</u>	<u>32,610</u>
-	4,845	60,484
10,000	(4,845)	(27,874)
-	5,000	5,000
(6,853)	-	(6,853)
<u>(6,853)</u>	<u>5,000</u>	<u>(1,853)</u>
3,147	155	(29,727)
(3,147)	-	593,504
<u>\$ -</u>	<u>\$ 155</u>	<u>\$ 563,777</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment Earnings	\$ 600	\$ 600	\$ 297	\$ (303)
All Other	60,000	110,000	110,930	930
Total Revenues	<u>60,600</u>	<u>110,600</u>	<u>111,227</u>	<u>627</u>
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	5,810,000	5,810,000	5,810,000	-
Interest and Fiscal Charges	6,808,875	6,700,000	6,663,625	36,375
Total Expenditures	<u>12,618,875</u>	<u>12,510,000</u>	<u>12,473,625</u>	<u>36,375</u>
Deficiency of Revenues Under Expenditures	<u>(12,558,275)</u>	<u>(12,399,400)</u>	<u>(12,362,398)</u>	<u>37,002</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	12,618,875	12,618,875	12,518,613	(100,262)
Transfers Out	(2,500)	(2,500)	(2,500)	-
Total Other Financing Sources (Uses)	<u>12,616,375</u>	<u>12,616,375</u>	<u>12,516,113</u>	<u>(100,262)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	58,100	216,975	153,715	(63,260)
Fund Balance Beginning of Year	46,042	46,042	46,042	-
Fund Balance End of Year	<u>\$ 104,142</u>	<u>\$ 263,017</u>	<u>\$ 199,757</u>	<u>\$ (63,260)</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
MICHAEL A. FOX HIGHWAY CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 12,618,875	\$ 11,550,000	\$ 11,546,408	\$ (3,592)
Investment Earnings	2,500	890,000	882,426	(7,574)
Total Revenues	<u>12,621,375</u>	<u>12,440,000</u>	<u>12,428,834</u>	<u>(11,166)</u>
<b>Expenditures:</b>				
Capital Outlay	-	1,900	1,898	2
Debt Service:				
Interest and Fiscal Charges		463,943	463,943	-
Total Expenditures	<u>-</u>	<u>465,843</u>	<u>465,841</u>	<u>2</u>
Excess of Revenues Over Expenditures	<u>12,621,375</u>	<u>11,974,157</u>	<u>11,962,993</u>	<u>(11,164)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,101,367	1,139,091	1,139,091	-
Transfers Out	(12,618,875)	(12,618,875)	(12,518,613)	100,262
Total Other Financing Sources (Uses)	<u>(11,517,508)</u>	<u>(11,479,784)</u>	<u>(11,379,522)</u>	<u>100,262</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>1,103,867</u>	<u>494,373</u>	<u>583,471</u>	<u>89,098</u>
Fund Balance Beginning of Year	<u>13,134,976</u>	<u>13,134,976</u>	<u>13,134,976</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 14,238,843</u>	<u>\$ 13,629,349</u>	<u>\$ 13,718,447</u>	<u>\$ 89,098</u>

**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, 2003**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental Revenue	\$ 507,734	\$ 507,734	\$ 145,006	\$ (362,728)
Total Revenues	507,734	507,734	145,006	(362,728)
<b>Expenditures:</b>				
Capital Outlay	449,981	449,981	681,722	(231,741)
Excess of Revenues Over Expenditures	57,753	57,753	(536,716)	(594,469)
Fund Balance (Deficit) Beginning of Year	(57,753)	(57,753)	(57,753)	-
Prior Year Encumbrances	57,753	57,753	57,753	-
Fund Balance (Deficit) End of Year	\$ 57,753	\$ 57,753	\$ (536,716)	\$ (594,469)



**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, 2003**

**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	4,845	4,845	3,761	1,084
Deficiency of Revenues Under Expenditures	(4,845)	(4,845)	(3,761)	1,084
Fund Balance (Deficit) Beginning of Year	(3,815)	(3,815)	(3,815)	-
Prior Year Encumbrances	8,660	8,660	8,660	-
Fund Balance End of Year	\$ -	\$ -	\$ 1,084	\$ 1,084

**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, 2003**

	STATE ROUTE 747 FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,626,000	\$ 100,000	\$ 12,610	\$ (87,390)
All Other	10,000	10,000	10,000	-
Total Revenues	<u>1,636,000</u>	<u>110,000</u>	<u>22,610</u>	<u>(87,390)</u>
<b>Expenditures:</b>				
Capital Outlay	<u>1,636,000</u>	<u>1,100,000</u>	<u>148,235</u>	<u>951,765</u>
Deficiency of Revenues Under Expenditures	<u>-</u>	<u>(990,000)</u>	<u>(125,625)</u>	<u>864,375</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	321	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>321</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	321	(990,000)	(125,625)	864,375
Fund Balance (Deficit) Beginning of Year	(321)	(321)	(321)	-
Fund Balance (Deficit) End of Year	<u>\$ -</u>	<u>\$ (990,321)</u>	<u>\$ (125,946)</u>	<u>\$ 864,375</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, 2003**

	<b>MUHLHAUSER ROAD FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Capital Outlay	607,772	200	25	175
Deficiency of Revenues Under Expenditures	(607,772)	(200)	(25)	175
Fund Balance Beginning of Year	607,772	607,772	607,772	-
Fund Balance End of Year	<u>\$ -</u>	<u>\$ 607,572</u>	<u>\$ 607,747</u>	<u>\$ 175</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, 2003**

**PRINCETON ROAD AT STATE ROUTE 4 BYPASS**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental				\$ -
All Other Revenue			10,000	(10,000)
Total Revenues	-	-	10,000	(10,000)
<b>Expenditures:</b>				
Capital Outlay				-
Excess of Revenues Over Expenditures	-	-	10,000	10,000
<b>Other Financing Sources:</b>				
Transfers In	3,147	-	-	-
Excess of Revenues and Other Financing Sources Over Expenditures	3,147	-	10,000	10,000
Fund Balance (Deficit) Beginning of Year	(3,147)	(3,147)	(3,147)	-
Fund Balance (Deficit) End of Year	\$ -	\$ (3,147)	\$ 6,853	\$ 10,000

**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, 2003**

**STATE ROUTE 4 BYPASS WIDENING**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental Revenue	\$ 463,000	\$ -		\$ -
Total Revenues	463,000	-	-	-
<b>Expenditures:</b>				
Capital Outlay	463,000	5,000	4,845	155
Deficiency of Revenues Under Expenditures	-	(5,000)	(4,845)	155
<b>Other Financing Sources:</b>				
Transfers In	-	5,000	5,000	-
Excess of Revenues and Over Other Financing Sources Over Expenditures	-	-	155	155
Fund Balance Beginning of Year	-	-	-	-
Fund Balance End of Year	\$ -	\$ -	\$ 155	\$ 155

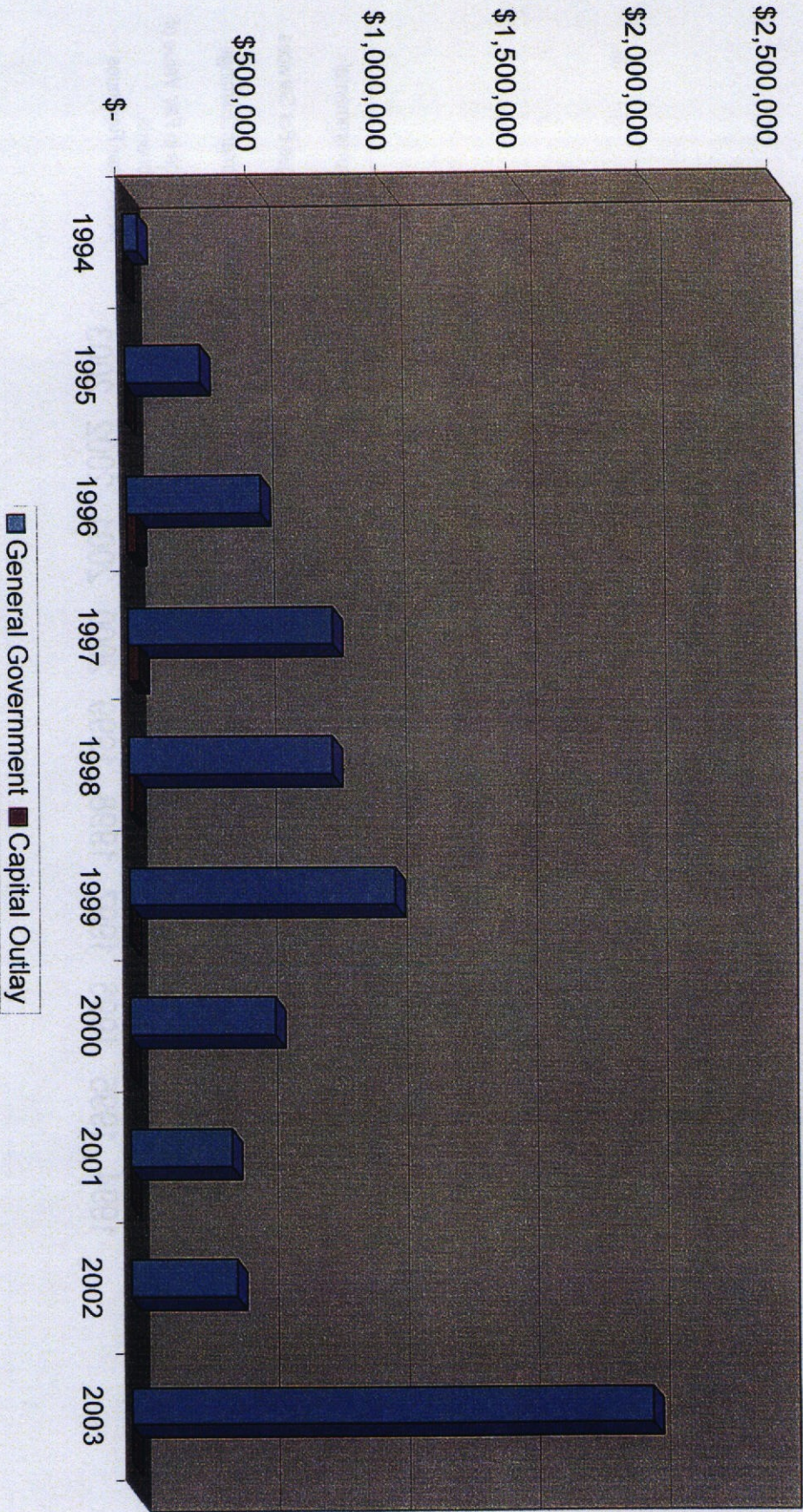


Liberty Interchange



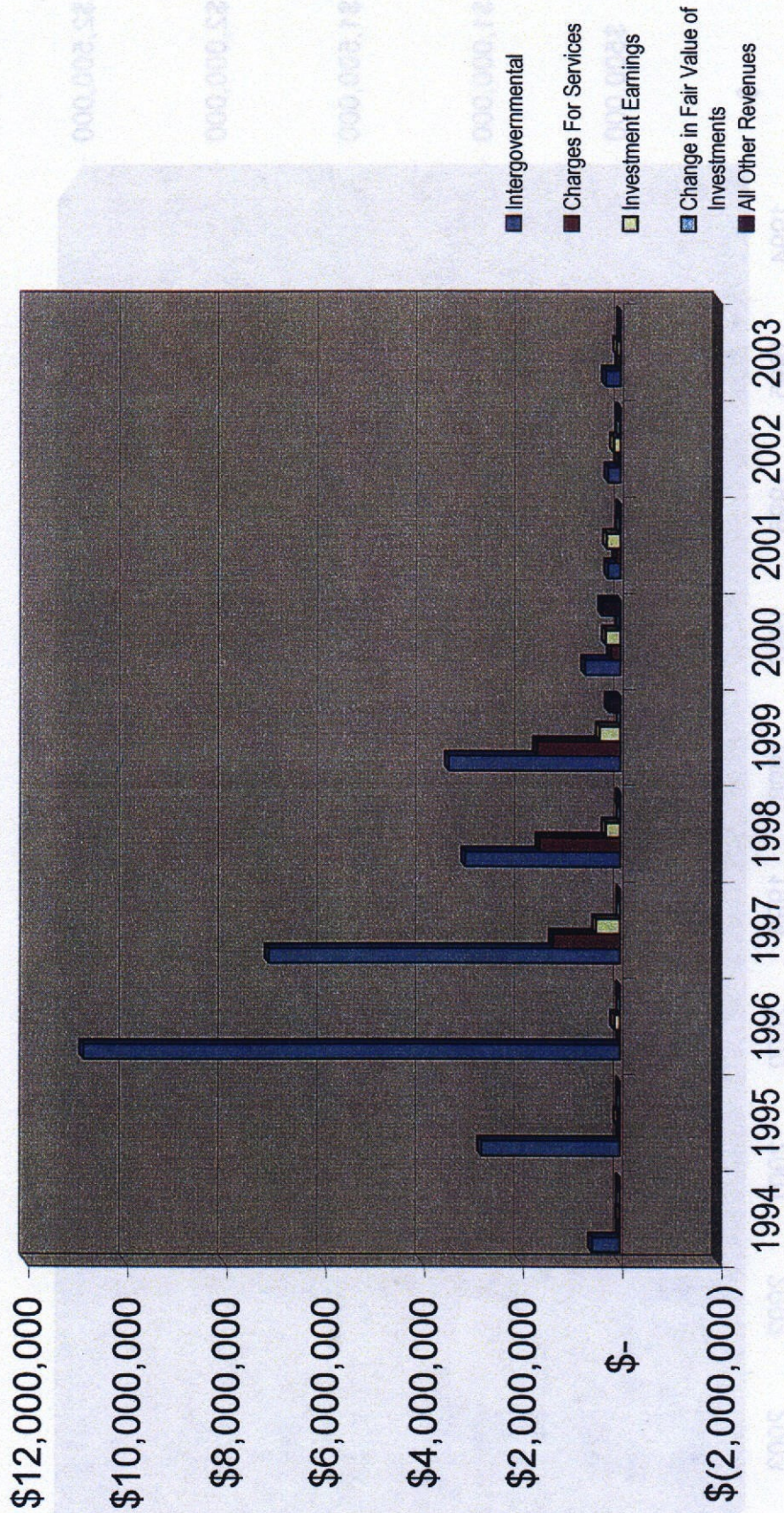
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# General Fund Expenditures by Function Last Ten Years



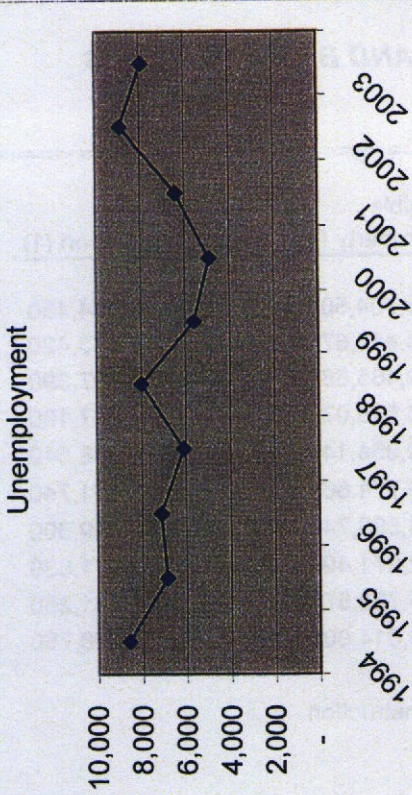
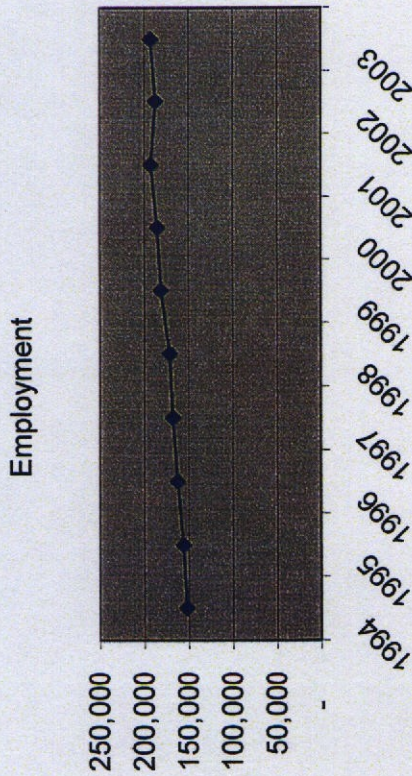


# General Fund Revenues by Source Last Ten Years

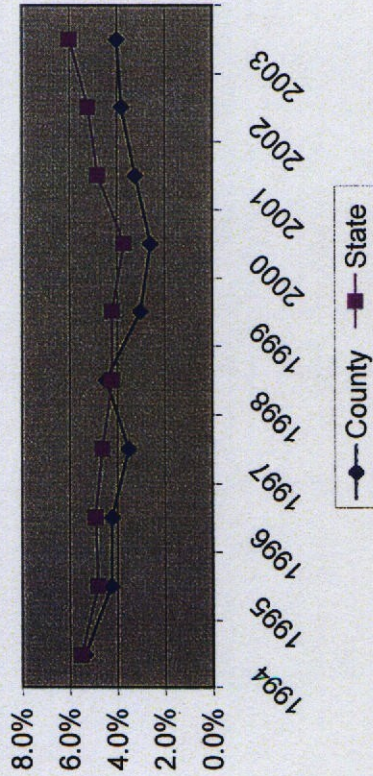


**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO  
 DEMOGRAPHIC STATISTICS  
 DECEMBER 31, 2003**

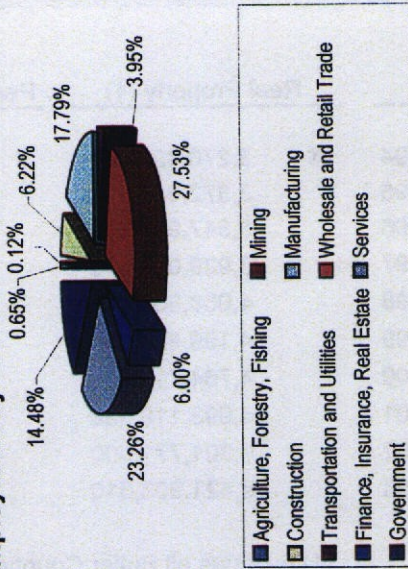
**Labor Force Statistics**



**Unemployment Rates**



**Employment by Industrial Sector as of 12/31/01**



**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO**  
**ASSESSED VALUE, NEW CONSTRUCTION AND BANK DEPOSITS**

**LAST TEN YEARS**

<u>Year</u>	<u>Real Property (1)</u>	<u>Tangible Personal Property (1)</u>	<u>Total New Construction (1)</u>	<u>Bank Deposits (2)</u>
1994	\$ 3,276,426,740	\$ 494,704,501	\$ 98,184,430	\$ 737,683,000
1995	3,372,641,010	498,412,670	98,773,420	800,556,000
1996	3,547,997,320	549,465,585	130,007,390	783,398,000
1997	3,939,072,770	618,825,072	124,087,190	815,435,000
1998	4,068,350,540	680,964,144	132,338,540	864,105,000
1999	4,199,464,910	659,774,662	136,101,740	903,169,000
2000	4,764,719,420	694,566,748	199,539,300	1,152,810,000
2001	4,993,119,330	722,971,490	204,171,630	1,136,994,000
2002	6,301,771,000	724,768,577	177,181,250	1,257,078,000
2003	6,421,903,610	739,614,001	227,658,760	1,355,739,000

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

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

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

**MISCELLANEOUS STATISTICS**

**DECEMBER 31, 2003**

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

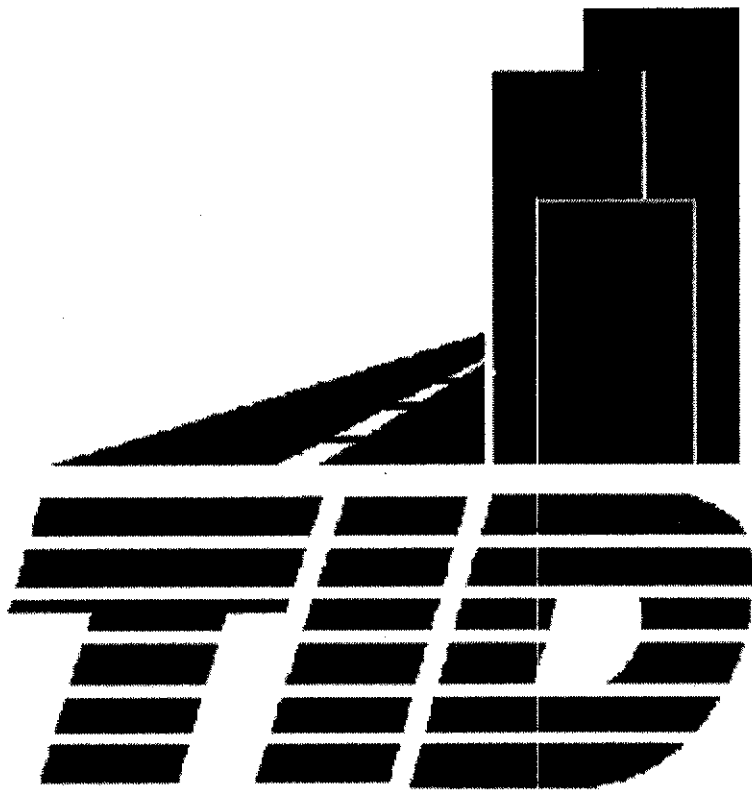
County: Butler

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)  
(Michael A. Fox - 129)

Source: Transportation Improvement District





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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio (the "District") as of and for the year ended December 31, 2003, which collectively comprise its basic financial statements, and have issued our report thereon dated April 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

**Solutions  
for  
Success**

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

*BKD, LLP*

April 9, 2004



**Auditor of State  
Betty Montgomery**

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**BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT**

**BUTLER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 20, 2004**