



**Auditor of State
Betty Montgomery**

BUTLER COUNTY
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BUTLER COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Entitlement Grant	B-00-UC-39-0008	14.218	\$151,735
	B-01-UC-39-0008		249,033
	B-02-UC-39-0008		329,939
	B-03-UC-39-0008		<u>697,136</u>
Total Community Development Entitlement Grant			1,427,843
HOME Investment Partnerships Program	M-00-DC-39-0222	14.239	163,544
	M-01-DC-39-0222		527,196
	M-02-DC-39-0222		115,400
	M-03-DC-39-0222		<u>298,246</u>
Total HOME Investment Partnerships Program			1,104,386
<i>Total Passed Through the Ohio Department of Development</i>			<u>2,532,229</u>
Total U.S. Department of Housing and Urban Development			<u>2,532,229</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Community Gun Violence Prosecution Program	2002-GP-CX-0086	16.609	58,678
Public Safety Partnership and Community Policing Grant	95-CC-WX-0382	16.710	84,424
<i>Passed Through Office of Criminal Justice Services:</i>			
Byrne Formula Grant Program	2001-DG-D02-7162	16.579	10,609
	2002-DG-D02-7162		31,827
Live Scan Equipment Grant		16.579	<u>28,410</u>
			70,846
Violence Against Women Act	N/A	16.588	<u>32,465</u>
Juvenile Justice Substance Abuse	2001-RS-SAT-127	16.593	797
	2000-RS-SAT-127		<u>10,000</u>
			10,797
<i>Total Passed Through Office of Criminal Justice Services</i>			114,108
<i>Passed Through Ohio Department of Youth Services</i>			
Juvenile Accountability Incentive Block Grant	2001-JB-001-A025	16.523	102,271
	2001-JB-001-A159		43
	2000-JB-001-A198		3,896
	2002-JV-T50-5036		<u>64,914</u>
			171,124
Comprehensive Strategy Juvenile Accountability Incentive Block Grant		16.540	<u>26,187</u>

(Continued)

BUTLER COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<i>Total Passed Through Ohio Department of Youth Services</i>			<u>197,311</u>
<i>Passed Through Ohio Attorney General's Office:</i>			
Crime Victim Assistance	2002VAGENE462	16.575	46,751
	2002VAGENE103		33,112
	2002-WF-VA5-8807		<u>22,667</u>
Total Crime Victim Assistance			102,530
Local Law Enforcement Block Grant	N/A	16.592	<u>37,236</u>
<i>Total Passed Through Ohio Attorney General's Office</i>			<u>139,766</u>
Total U.S. Department of Justice			<u>594,287</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION/FEDERAL HIGHWAY ADMINISTRATION</u>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	PID 15735	20.205	311,460
	PID 16315		1,061,292
	PID 17037		0
	PID 18549		<u>204,149</u>
Total Highway Planning and Construction			1,576,901
Total U.S. Department of Transportation			<u>1,576,901</u>
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>			
<i>Passed Through Ohio Governor's Highway Safety Office</i>			
STEP Grant		20.600	<u>34,055</u>
Total National Highway Traffic Safety Administration			<u>34,055</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
<i>Passed Through Ohio Department of Job and Family Services</i>			
<i>Workforce Investment Act Cluster</i>			
Workforce Investment Act - Youth Activities			399,642
Workforce Investment Act - Youth Activities -- Administrative			<u>32,042</u>
Workforce Investment Act -- Youth Total	N/A	17.259	431,684
Workforce Investment Act - Adult			358,041
Workforce Investment Act - Adult -- Administrative			<u>35,246</u>
Workforce Investment Act -- Adult Total	N/A	17.258	393,287
Workforce Investment Act - Dislocated Workers			782,489
Workforce Investment Act - Dislocated Workers -- Administrative			<u>39,519</u>
Workforce Investment Act - Dislocated Workers Total	N/A	17.260	822,008
Total Workforce Investment Act Cluster			1,646,979
Welfare to Work	N/A	17.253	<u>943,178</u>
Total U.S. Department of Labor			<u>2,590,157</u>

(Continued)

BUTLER COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPT. OF TRANSPORTATION/ FEDERAL AVIATION ADMINISTRATION</u>			
Airport Improvement Grant	N/A	20.106	<u>961,454</u>
Total Federal Aviation Administration			<u>961,454</u>
<u>GENERAL SERVICES ADMINISTRATION</u> <i>Passed through Ohio Secretary of State</i>			
Federal Help America Vote Act (HAVA)	N/A	39.011	<u>31,553</u>
Total General Services Administration			<u>31,553</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education</i>			
Special Education Cluster			
Title VI-B	6BSF-00/01 P	84.027	109,046
Preschool Grant	PG-S1/SC-00/01 P	84.173	<u>19,617</u>
Total Special Education Cluster			128,663
Nutrition Cluster			
School Breakfast Program	N/A	10.553	28,415
National School Lunch Program	N/A	10.555	<u>105,526</u>
Total Nutrition Cluster			133,941
Title V - Innovative Program		84.298	<u>2,170</u>
Total U.S. Department of Education			<u>264,774</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u> <i>Passed through Ohio Department of Youth Services</i>			
Americorps	N/A	94.006	<u>9,049</u>
Total Corporation for National and Community Service			<u>9,049</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Mental Health:</i>			
Title XX Social Service Block Grant	N/A	93.667	263,591
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Title XX Social Service Block Grant	N/A	93.667	<u>277,161</u>
Total Title XX Social Service Block Grant			540,752
<i>Passed Through Ohio Department of Mental Health:</i>			
Title XIX Medical Assistance Program	N/A	93.778	6,282,012
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Title XIX Medical Assistance Program	N/A	93.778	647,664

(Continued)

BUTLER COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Title XIX Medical Assistance Program	N/A	93.778	4,885,899
Total Title XIX Medical Assistance Program			<u>11,815,575</u>
<i>Passed Through Ohio Department of Mental Health:</i>			
Block Grant for Community Mental Health Services	N/A	93.958	219,288
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Block Grant for the Prevention and Treatment of Substance Abuse	N/A	93.959	2,557,708
<i>Passed Through Ohio Department of Youth Services:</i>			
Youth Diversion Grant	2000-JV-T50-5036	93.959	19,205
Total Block Grant for the Prevention and Treatment of Substance Abuse			<u>2,576,913</u>
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Comprehensive Conflict Management Grant	N/A	93.243	53,125
<i>Passed Through Ohio Department Health and Human Services</i>			
CSAT	N/A	93.243	8,616
			<u>61,741</u>
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Head Substance Abuse Prevention Program	N/A	81.186A	45,000
<i>Passed Through Ohio Department of Mental Health</i>			
Projects for Assistance in Transition from Homelessness	N/A	93.150	59,611
			<u>15,318,880</u>
Total U.S. Department of Health and Human Services			
			<u>15,318,880</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through Ohio Emergency Management Agency</i>			
Homeland Security Grant	II-CIS-GRANT K539	97.004	17,063
State Domestic Preparedness Equipment Support Program			190,184
			<u>207,247</u>
Emergency Operations Planning Grants		97.051	51,576
			<u>51,576</u>
Total U.S. Department of Homeland Security			258,823
Total			<u><u>\$24,172,162</u></u>

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

BUTLER COUNTY

**FOR THE YEAR ENDED DECEMBER 31, 2003
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – MATCHING REQUIREMENTS

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

NOTE C – SUBRECIPIENTS

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

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

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Auditor of State Betty Montgomery

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

Butler County
130 High Street
Hamilton, Ohio 45011

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Butler County, Ohio (the County), as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 24, 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 County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated June 24, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information 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.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the County's management in a separate letter dated June 24, 2004.

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

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

Betty Montgomery
Auditor of State

June 24, 2004
Except for Findings 2003-001 and 2003-002 which are dated October 20, 2004



Auditor of State Betty Montgomery

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

Butler County
130 High Street
Hamilton, Ohio 45011

To the Board of County Commissioners:

Compliance

We have audited the compliance of Butler County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of Butler County as of and for the year ended December 31, 2003, and have issued our report thereon dated June 24, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

June 24, 2004

BUTLER COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	CFDA #20.205: Highway Planning and Construction CFDA #93.778: Title XIX: Medical Assistance Program CFDA #93.959: Block Grant for the Prevention and Treatment of Substance Abuse
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$725,165 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

FINDING 2003-001

Finding for Recovery Repaid Under Audit

Based on anonymous information provided to the Auditor of State, we reviewed travel reimbursements made in 2002 and 2003 to Commissioner Michael Fox and Dennis Nichols, Administrative Assistant.

The Commissioners' travel policy *Section 5.7(e)(1)* states, "Employees must deduct from the per-diem rate any meal not consumed because the travel involved only a portion of the day, or any meal provided at no additional cost to the employee as part of registration fee for the conference, meeting, or training program attended. Specifically, no reimbursement will be made for breakfast when the travel did not begin from the employee's home or the office prior to 6:00 a.m., and no reimbursement will be made for dinner when the travel concluded with the employee's return home or to the office prior to 7:00 p.m." Commissioner Michael Fox and Dennis Nichols, Administrative Assistant, were reimbursed in excess of the amount allowed by the Commissioners' travel policy, and in certain situations, were reimbursed more than once for the same service.

The excess reimbursements are as follows:

<i>Conference/Dates</i>	<i>Amount Reimbursed</i>	<i>Individual Reimbursed</i>	<i>Amounts Allowed per Policy</i>	<i>Excess</i>	<i>Description of Excess Amount</i>
NACo Legislative Conference 03/02/02 – 03/05/02	\$138	Mr. Nichols	\$103	\$35	Reimbursed for meals provided by the conference.
FOSE Conference 03/18/02 to 03/21/02	\$184	Mr. Nichols	\$117	\$67	Reimbursed for meals provided by the conference. Mr. Nichols' travel did not begin prior to 6 a.m. on 03/18/02.
Cable Television Law conference 04/17/02 to 04/21/02	\$184	Mr. Nichols	\$137	\$47	Reimbursed for meals provided by the conference.
Milken Conference 2002 Global 04/21/02 to 04/25/02	\$230	Mr. Nichols	\$117	\$113	Reimbursed for meals provided by the conference. Dinner was also provided on the flight on 04/25/02.
Governing Magazine; Technology 2002 conference 05/28/02 to 06/02/02	\$276	Mr. Nichols	\$173	\$103	Reimbursed for meals provided by the conference. Dinner was also provided on the flight on 05/28/02 and 06/02/02.

**FINDING 2003-001
(Continued)**

<i>Conference/Dates</i>	<i>Amount Reimbursed</i>	<i>Individual Reimbursed</i>	<i>Amounts Allowed per Policy</i>	<i>Excess</i>	<i>Description of Excess Amount</i>
Community Networks 2002 06/17/02 to 06/19/02	\$114	Mr. Nichols	\$90	\$24	Reimbursed for meals provided by the conference.
UTC Telecom 2002 06/23/02 to 06/27/02	\$190	Mr. Nichols	\$84	\$106	Reimbursed for meals provided by the conference. Mr. Nichols' travel did not begin prior to 6 a.m. on 06/23/02.
National Forum on Educational Policy 07/06/02 to 07/12/02	\$322	Mr. Nichols	\$195	\$127	Reimbursed for meals provided by the conference. Dinner was also provided on the flight on 07/06/02
NACo Annual Conference 07/12/02 to 07/16/02	\$168	Mr. Nichols	\$123	\$45	Reimbursed for meals provided by the conference.
NATOA Annual Conference 09/17/02 to 09/21/02	\$184	Mr. Nichols	\$102	\$82	Reimbursed for meals provided by the conference. Mr. Nichols departed Chicago on 09/20/02.
State of the State Conference 09/23/02 to 09/27/02	\$138	Mr. Nichols	\$102	\$36	Reimbursed for meals provided by the conference. Mr. Nichols did not depart Cincinnati until 09/25/02.
Ohio Digital Government Summit 10/02/02	\$114	Mr. Nichols	\$46	\$68	Reimbursed for meals provided by the conference. Mr. Nichols' travel time did not correspond to policy for other meal reimbursements.

**FINDING 2003-001
(Continued)**

<i>Conference/Dates</i>	<i>Amount Reimbursed</i>	<i>Individual Reimbursed</i>	<i>Amounts Allowed per Policy</i>	<i>Excess</i>	<i>Description of Excess Amount</i>
Fiber to the Home Conference 10/14/02 to 10/17/02	\$126	Mr. Nichols	\$100	\$26	Reimbursed for meals provided by the conference. Mr. Nichols' travel time did not correspond to policy for other meal reimbursements.
Carnarie 8 th Annual Networks Workshop 11/18/02 to 11/20/02	\$480	Mr. Nichols	\$215	\$265	Reimbursed for meals provided by the conference. Mr. Nichols' travel time did not correspond to policy for other meal reimbursements.
Law Seminars International Conference 11/30/02 to 12/04/02	\$230	Mr. Nichols	\$149	\$81	Reimbursed for meals provided by the conference. Mr. Nichols' travel time did not correspond to policy for other meal reimbursements.
APPA Fiber to Home 03/09/03 to 03/13/03	\$190	Mr. Nichols	\$155	\$35	Mr. Fox's travel time did not correspond to policy for meal reimbursements.
Milken Institute 2003 Global Conference 03/29/03 to 04/03/03	\$175	Mr. Nichols	\$135	\$40	Reimbursed for meals provided by the conference.
Governing Managing Technology and Supercomm 05/28/03 to 05/31/03	\$275	Mr. Nichols	\$243	\$32	Reimbursed for meals provided by the conference.
NACo Legislative Conference 03/02/02 – 03/05/02	\$138	Mr. Fox	\$103	\$35	Reimbursed for meals provided by the conference.

**FINDING 2003-001
(Continued)**

<i>Conference/Dates</i>	<i>Amount Reimbursed</i>	<i>Individual Reimbursed</i>	<i>Amounts Allowed per Policy</i>	<i>Excess</i>	<i>Description of Excess Amount</i>
Cable Television Law conference 04/17/02 to 04/21/02	\$184	Mr. Fox	\$137	\$47	Reimbursed for meals provided by the conference.
Milken Conference 2002 Global 04/21/02 to 04/25/02	\$230	Mr. Fox	\$117	\$113	Reimbursed for meals provided by the conference. Dinner was also provided on the flight on 04/25/02.
Governing Magazine; Technology 2002 conference 05/28/02 to 06/02/02	\$276	Mr. Fox	\$173	\$103	Reimbursed for meals provided by the conference. Dinner was also provided on the flight on 05/28/02 and 06/02/02.
Community Networks 2002 06/17/02 to 06/19/02	\$114	Mr. Fox	\$90	\$24	Reimbursed for meals provided by the conference.
UTC Telecom 2002 06/23/02 to 06/27/02	\$190	Mr. Fox	\$84	\$106	Reimbursed for meals provided by the conference. Mr. Fox's travel did not begin prior to 6 a.m. on 06/23/02.
National Forum on Educational Policy 07/06/02 to 07/12/02	\$322	Mr. Fox	\$195	\$127	Reimbursed for meals provided by the conference. Dinner was also provided on the flight on 07/06/02
NATO Annual Conference 09/17/02 to 09/21/02	\$184	Mr. Fox	\$116	\$68	Reimbursed for meals provided by the conference
Fiber to the Home Conference 10/14/02 to 10/17/02	\$126	Mr. Fox	\$100	\$26	Reimbursed for meals provided by the conference. Mr. Fox's travel time did not correspond to policy for other meal reimbursements.

**FINDING 2003-001
 (Continued)**

<i>Conference/Dates</i>	<i>Amount Reimbursed</i>	<i>Individual Reimbursed</i>	<i>Amounts Allowed per Policy</i>	<i>Excess</i>	<i>Description of Excess Amount</i>
Carnarie 8 th Annual Networks Workshop 11/18/02 to 11/20/02	\$480	Mr. Fox	\$37	\$443	Reimbursed for meals provided by the conference. Mr. Fox's travel time did not correspond to policy for other meal reimbursements.
Law Seminars International Conference 11/30/02 to 12/04/02	\$230	Mr. Fox	\$149	\$81	Reimbursed for meals provided by the conference. Mr. Fox's travel time did not correspond to policy for other meal reimbursements.
NACo Legislative Conference 2003 03/01/03 to 03/04/03	\$150	Mr. Fox	\$125	\$25	Reimbursed for meals provided by the conference.
APPA Fiber to Home 03/09/03 to 03/13/03	\$190	Mr. Fox	\$117	\$73	Mr. Fox's travel time did not correspond to policy for meal reimbursements.
Total Excess				\$2,603	
Total Excess Mr. Nichols				\$1,332	
Total Excess Mr. Fox				\$1,271	

Also, on March 29, 2004, Butler County reimbursed Uptown Services, LLC for travel expenses in the amount of \$3,972 on County warrant #191460. These travel expenses were authorized by County Resolution 03-7-112, dated July 17, 2003 and were agreed upon by the County Commissioners and Uptown Services in the Statement of Work 001. However, it was determined that \$152 of per diem meals had already been paid by the County on separate warrants in September, 2003. One warrant was paid directly to the Hamiltonian Hotel and the other warrant was written to Mr. Dennis Nichols who paid for the meal and claimed reimbursement. Mr. Nichols is assuming responsibility for the overpayment to Uptown Services, LLC and the \$152 will be included in Mr. Nichols' Finding for Recovery.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money expended in violation of the County Commissioners' travel policy is hereby issued against Butler County Commissioner Michael Fox for \$1,271 and Mr. Dennis Nichols for \$1,484, and in favor of Butler County.

**FINDING 2003-001
 (Continued)**

As of October 18, 2004, Mr. Nichols and Mr. Fox repaid the above Finding for Recovery in full as identified by the tables below.

<i>Individual</i>	<i>Amount</i>	<i>Receipt Number</i>	<i>Date of Receipt</i>
Mr. Nichols	\$ 64	30774	10/18/04
Mr. Nichols	\$1,105	30160	09/24/04
Mr. Nichols	\$ 9	28858	08/09/04
Mr. Nichols	\$ 306	23701	02/05/04
Total	\$1,484		

<i>Individual</i>	<i>Amount</i>	<i>Receipt Number</i>	<i>Date of Receipt</i>
Mr. Fox	\$ 94	30358	10/01/04
Mr. Fox	\$ 65	30160	09/24/04
Mr. Fox	\$ 910	30125 & 30126	09/23/04
Mr. Fox	\$ 59	28858	08/09/04
Mr. Fox	\$ 143	23702	02/05/04
Total	\$1,271		

**FINDING 2003-001
 (Continued)**

Finding for Recovery:

Based on anonymous information provided to the Auditor of State, we determined that Carlson Wagonlit Travel received a double payment for a flight to Los Angeles, CA from July 6, 2002 to July 12, 2002 for Michael Fox and Dennis Nichols. The following schedule shows how the double payment was made.

Warrant #/PO #	Traveler name	Date of Warrant	Amount
62855/26961	Dennis Nichols	06/07/02	\$482
66258/28847	Michael Fox	06/25/02	\$482
70916A/30974	Michael Fox & Dennis Nichols	07/18/02	\$964

The payments made on June 7, 2002 and June 25, 2002 were paid based on a travel itinerary for each person and the final payment was based on an account statement. This resulted in a double payment of \$964 for the same flight.

Also, per review of an invoice attached to County warrant #13009 dated 06/03/03 written to Carlson Wagonlit Travel, it appears that the County paid for the service fee twice, resulting in an overpayment of \$30.

As of October 8, 2004, a total amount of \$173 was applied as credits by Carlson Wagonlit Travel to subsequent travel expenses of County employees, thereby reducing the Finding for Recovery to \$821.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Carlson Wagonlit Travel and in favor of Butler County in the amount of eight hundred and twenty-one dollars (\$821).

3. FINDINGS FOR FEDERAL AWARDS

None

BUTLER COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Finding for Recovery--overpayment of benefits at time of separation from the County	Yes	One individual has repaid the Finding for Recovery (William Gray). The County Prosecutor has taken action against the three remaining individuals.
2002-002	Finding for Recovery – overpayment of Clerk of Courts salary	Yes	Corrected -- The Clerk of Courts repaid the overpayment of her salary in full by December 2003 through payroll deduction.
2002-003	Inaccurate recordkeeping of Adult Probation leave records	No	Partially corrected – not as many errors were noted during 2003 – comment moved to the 2003 management letter.

BUTLER COUNTY OHIO

Comprehensive Annual Financial Report



Year Ended December 31, 2003

ABOUT THE COVER

Liberty Union Water Storage Tank

The Liberty Union storage tank, built in 1989 stands 100 feet tall and holds one million gallons of water. It has the ability to provide 1,500 gallons of water per minute. The photograph was provided by the Butler County Department of Environmental Services (BCDES). For more information about BCDES, visit their web site at www.butercountyohio.org/des.

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INTRODUCTORY SECTION

Focus

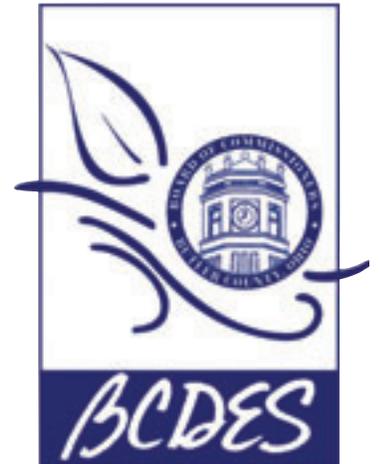
This year the Butler County Ohio Comprehensive Financial Report features the work of the Butler County Department of Environmental Services (BCDES).



**James A. Parrott, Director
Butler County Dept. of
Environmental Services**

The BCDES mission is to provide water and wastewater services to current and future customers in a professional, efficient, and cost-effective manner. BCDES is dedicated to advancing public health and environmental stewardship by demonstrating environmental leadership and contributing educational resources to our community.

In 2003, BCDES was one of 38 utilities recognized nationally by the Association of Metropolitan Sewer Agencies (AMSA) for “Excellence in Management.” BCDES also received a Gold Award for competitiveness achievement from the Association of Metropolitan Water Agencies. The department’s ongoing cost-saving initiatives hold down operational expenses and help to minimize rate increases. Through creative use of technology and employee development, BCDES has reduced staffing more than 20% in the past 6 years – saving customers \$1.5 million annually.



**Butler County Board of Commissioners,
Charles R. Furmon
Michael A. Fox
Courtney E. Combs
County Administrator, Derek Conklin**

The BCDES customer base has continued to grow significantly - a 15% increase in water services and a 20% increase in sewer services since 2000. To meet this ongoing challenge, the department carefully forecasts when system improvements are necessary. The BCDES Capital Improvement Program and comprehensive Master Plans set the direction and the pace for keeping the infrastructure operating smoothly and improving to meet future needs. In 2003, BCDES invested close to \$11 million in the completion of twenty-eight Capital Improvement Projects for the county’s water and sewer systems.

BCDES pursues the most advanced technologies to enhance daily operations and ensure efficient, reliable and cost-effective service. This year, BCDES installed GeoCast, an emergency notification system that quickly calls customers in the event of a large area boil advisory.

The Department has built a Geographic Information System (GIS) that provides computerized, detailed mapping of the county's entire water and sewer system. By connecting the GIS to a web-based viewer, BCDES has linked frontline processes with management and billing systems. The department's Supervisory Control and Data Acquisition System allows the operations staff to have total computerized control and monitoring of both major Water Reclamation Facilities and Sewerage Lift stations and the entire water system. Operator's of the LeSourdsville Reclamation Facility's processes are provided complete communication and management of critical data required by regulations. Through a "Take it to the Streets" initiative, BCDES is developing new applications in a Web environment that will allow information delivery directly to trucks and field units for fast, paperless work order processing onsite.

Through many endeavors, BCDES helps to preserve public health and safety and to enhance the quality of life in Butler County. The department carefully monitors the quality of the County's drinking water and treated water returned to local waterways, consistently meeting or surpassing all state and federal standards. BCDES provides opportunities to residents throughout the year for proper disposal of hazardous wastes, appliances and computers that are typically difficult to throw away. The department also promotes environmentally sensitive habits by educating children and adults on recycling, litter prevention and water conservation.



Director and Division Heads (Pictured L-R)

James Parrott, Director

Sharma Young, Business Division Head

Robert Leventry, Engineering Division Head

Mary Moore, Environmental Division Head

Jack Thornsberry, Operations Division Head

BUTLER COUNTY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2003**

**ISSUED BY:
KAY ROGERS, CPA, CGFM
BUTLER COUNTY AUDITOR**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2003

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BUTLER COUNTY AUDITOR

June 24, 2004

To the Citizens and
Board of Commissioners of Butler County:

It is our pleasure to present the Butler County Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2003. This report contains basic financial statements, supplemental statements, and other financial and statistical information, providing complete and full disclosure of all material financial aspects of Butler County for 2003.

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

The CAFR is divided into the following sections:

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

FORM OF GOVERNMENT AND REPORTING ENTITY

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

Butler County, with a 2003 estimated population of 343,207, ranks eighth largest of Ohio's 88 counties and third among the 14 counties comprising the Greater Miami Valley. The County encompasses 469 square miles with thirteen municipalities and thirteen townships. The City of Hamilton is the county seat and the largest of the incorporated areas with a population of 60,763. West Chester Township is the largest unincorporated area in the County and, with a population of 55,515, is Ohio's third-most populous township.

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

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

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

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

A total of 3,834 building permits were issued in 2003 in the unincorporated areas of Butler County, representing over \$817 million of valuation. These figures do not reflect activity within the incorporated cities of Butler County.

Through its Enterprise Zone program, Butler County initiated tax incentives to a number of companies expanding within, or relocating to, Butler County, Ohio. During 2003, 6 projects were approved and estimates suggest that these projects will create and retain 323 jobs in Butler County. In addition, these projects are estimated to generate over \$8.2 million in real property investment and almost \$22 million in personal property investment. These projects reflect a increase of approximately \$6 million from the previous year.

The Board of County Commissioners also administers the Butler County Revolving Loan Fund through the Certified Development Company of Butler County, Inc. (CDC). Revolving Loan Fund projects in 2003 consisted of \$125,086 in investment at one site in Butler County and commits employers to create four full time jobs. The CDC is also involved in the Small Business Administration's 504 Affordable Loan Program. Eleven loans were approved under this program with a combined total project cost of \$8,289,218 in public and private investment. This investment commits Butler County employers to create or retain a minimum of one hundred-eight full time jobs. Over 1,381 jobs have been created or retained in Butler County over the last ten years due to programs administered by the CDC.

MAJOR INITIATIVES

Roads and Bridges

According to Ohio Law, the County Engineer is responsible for the construction, reconstruction, maintenance, and repair of all bridges and highways within the County that fall under the jurisdiction of the Board of County Commissioners. As of December 31, 2003, this responsibility included oversight over 273 miles of county roadways, 370 bridges, and 1,056 culverts. Additionally, the County Engineer is also responsible for the construction, reconstruction, resurfacing, or improvement of township roads falling under the jurisdiction of the various boards of township trustees in the County.

Gasoline taxes and license plate fees serve as the primary sources of funding for projects scheduled by the Engineer each year. These funds serve as an important source of local match money used for leveraging additional outside dollars from State and federal sources. In 2003, the County received \$2,338,605 of such revenues.

During 2003, the Engineer was involved with over \$17 million in roadway construction, maintenance, and repair in Butler County. Additionally in 2003, the Engineer's office completed 12 bridge replacements and rehabilitation's, 14 culvert replacements, 6 intersection improvements, 3 roadway improvements, over 33 miles of resurfacing, and 4 Community Development Block Grant projects. \$1,392,910 was spent on general roadside maintenance and snow and ice control.

Capital Improvements

The Board of County Commissioners is charged with the responsibility of maintaining the facilities and equipment that serve the primary government offices of the County.

During 2003, Butler County was active in infrastructure road improvements through the completion of projects at Cincinnati-Dayton Road and State Route 129 in Liberty Township, and Cox Road Improvements in West Chester Township. These projects amounted to \$8.7 million but did not require General Fund expenditures, as they were part of a spending program financed through Tax Incremental Financing. Other projects financed through the issuance of notes and bonds during 2003 included but were not limited to Adult Detention Facility \$1.5 million, Oracle Finance System \$300,000 and building renovations and roof repairs \$500,000.

Butler County continues to explore innovative methods to fund infrastructure improvements through the utilization of leveraging Federal and State Grants, Commercial Tax Increment Financing, Residential Incentive District Financing, Governmental Inter-Agency Participation Agreements, and Port Authorities.

FOCUS ON THE BUTLER COUNTY DEPARTMENT OF ENVIRONMENTAL SERVICES (BCDES)

BCDES provides essential, high quality water, wastewater and environmental services to the people of Butler County.

BCDES delivered an average of 9.5 million gallons of water a day and treated a total of 6.2 billion gallons of wastewater this year. The department operates and maintains a water system that includes 5 water pumping stations, 11 storage facilities, 626 miles of water main and more than 6,000 fire hydrants and a wastewater system with two major wastewater reclamation facilities, three satellite plants, and 728 miles of sewer main.

In 2003, the BCDES Environmental Educator made 189 free-of-charge presentations throughout the year to approximately 7,000 students and adults, emphasizing the importance of water quality and environmental protection. The Solid Waste Management District's spring Household Hazardous Waste/Appliance Recycling and Collection Day hit an all-time high, with more than five tractor-trailer loads of materials collected from over 4,000 participants. The fall event resulted in 1,060 appliances and over two tons of computer components being recycled rather than placed in landfills.

Continued growth in Butler County means an increasing demand for more water and sewer services. Working closely with the County Commissioners, BCDES maintains a challenging balance in making system improvements that answer today's needs, but also have the capacity to serve future customers.

Funding

Rate revenues and capacity fee revenues are the principal funding sources for BCDES. Rates and capacity fees are based on periodic, independent studies and resulting reports, usually in connection with a planned issuance of revenue bonds. BCDES management endeavors to issue only the minimum amount of debt needed - and only when it's needed - to finance upcoming projects in the Capital Improvement Plan. As a result of this approach, BCDES has increased debt capacity and improved debt service coverage ratios for both Water and Sewer in recent years.

BCDES has an A2 credit rating for water revenue bonds and an A3 credit rating for sewer revenue bonds. These high ratings allow BCDES to issue debt at very favorable interest rates. While these credit ratings are excellent, management expects that the ratings will be even higher when revenue bonds are issued again in late 2004 for Sewer and mid-2005 for Water.

BCDES stays ahead of the increasing demand for services through sound asset management. In 2002, water system asset turnover was 28 cents on every dollar; sewer system asset turnover was 18 cents on every dollar. Consistently lowering operating costs and keeping expenses down has resulted in a highly favorable return on assets, with a net revenue of 6.28 cents per every dollar of water system assets and 6.86 cents per dollar on every dollar of sewer system assets in 2002. These additional net revenues help BCDES keep on top of the community's growth, as well as the best technology - which in turn enhances efficiency, aids productivity and reduces costs.

BCDES also proactively pursues funding support from Federal, State, and local agencies through grants and legislative actions to strengthen our financial foundation for the future. BCDES is committed to sound financial management strategies that help ensure reasonable rates and fees for customers.

FINANCIAL INFORMATION

Basis of Accounting

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

Internal Control

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

Budgetary Control

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

OTHER INFORMATION

Independent Audit

Included in this report is the Auditor of State's unqualified opinion rendered on the County's basic financial statements as of and for the year ended December 31, 2003. An independent audit of the County's financial statements is part of the annual preparation of the CAFR. This annual independent audit will continue to review, comment on, and thereby strengthen the County's accounting and budgetary controls.

Management's Discussion and Analysis (MD&A)

GASB Statement No. 34 (GASB 34) requires that management provide an introductory overview and narrative, known as the Management's Discussion and Analysis (MD&A), to accompany the basic financial statements. This transmittal letter is intended to complement and be read in conjunction with this analysis. The MD&A can be found immediately following the independent accountant's report.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Butler County for its comprehensive annual financial report for year ended December 31, 2002. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

A special word of thanks is offered to Ralph Statzer, Angela Boyd, and Shannon Gillespie with the Department of Environmental Services, and Denny Krall, Scott Bressler, and Jane Ragazino from the Engineers' office, whose efforts are greatly appreciated.

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

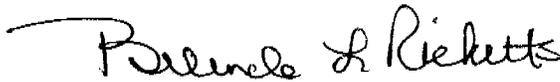
This report would not have been possible if not for the monumental efforts and dedication of the Fiscal Services staff. Our sincere thanks are extended to the Fiscal Services staff, each of whom were invaluable contributors committed to this project. To Lavonne Brandenburg, Stephanie Conigliaro, Lauren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

It is the mission of the Auditor's office to bring a high level of professionalism to Butler County government and to better inform and educate its citizens. Through the issuance of this Comprehensive Annual Financial Report, the County remains accountable to the public, and the public trust with which we have been provided, is retained. This report provides a fair representation of the financial condition of the County as of and for the year ended December 31, 2003. We ask for your continuing support of this project and in our efforts to best serve the citizens of Butler County.

Sincerely,



Kay Rogers, CPA, CGFM
Butler County Auditor



Belinda L Ricketts
Director – Fiscal Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Butler County,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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



President

Executive Director

Butler County, Ohio

December 31, 2003

Elected Officials:

**Board of
County Commissioners**

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

**President
Commissioner
Commissioner**

Other Elected Officials

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

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

Common Pleas Court

Honorable H.J. Bressler

Administrative Judge

General Division:

**Honorable Matthew J. Crehan
Honorable Patricia S. Oney
Honorable Charles L. Pater
Honorable Michael J. Sage
Honorable Keith M. Spaeth**

**Judge
Judge
Judge
Judge
Judge**

Domestic Relations Division:

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

**Judge
Judge**

Juvenile Division:

**Honorable David J. Niehaus
Honorable Ronald R. Craft**

**Presiding Judge
Judge**

Probate Division:

Honorable Randy T. Rogers

Judge

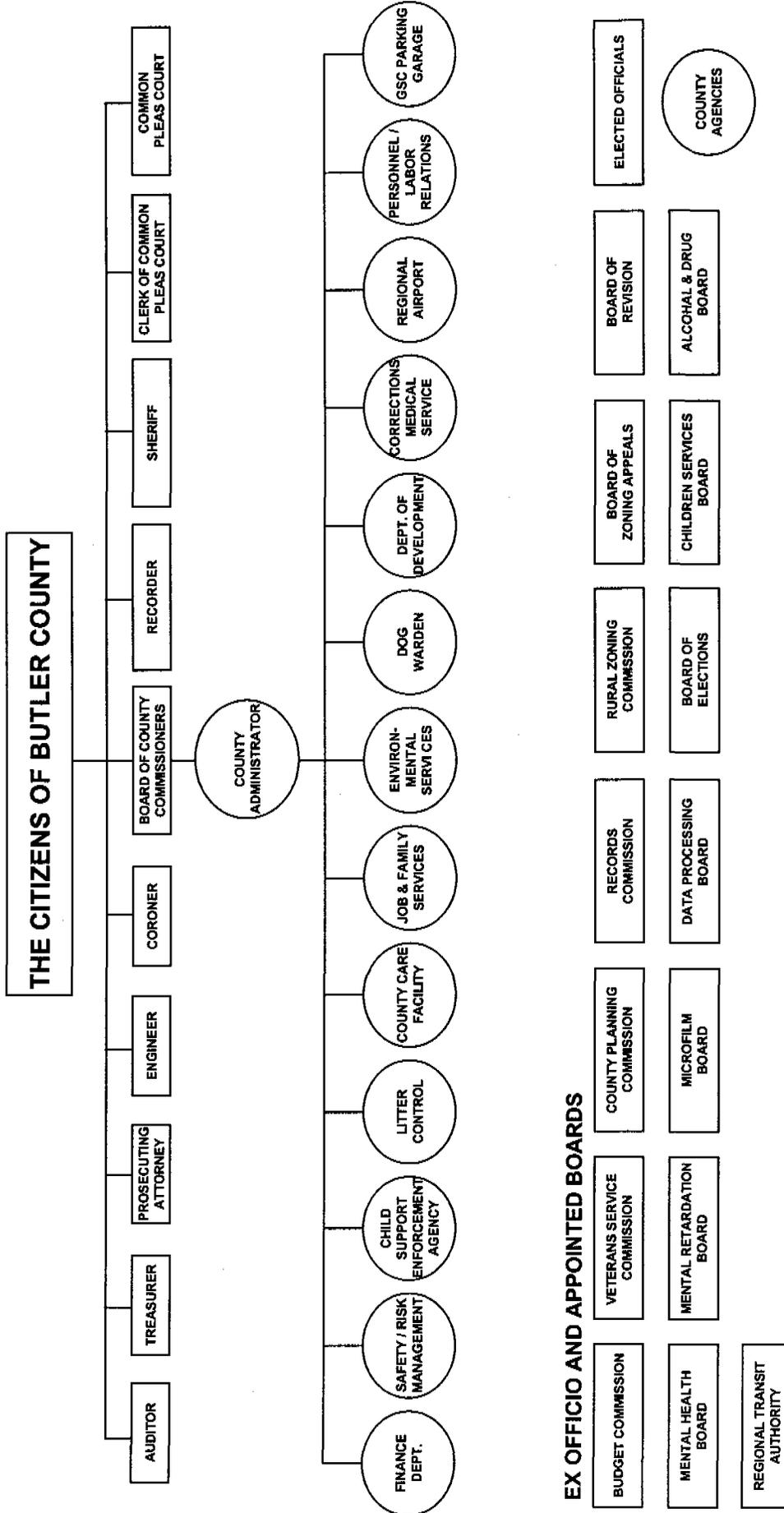
**Area Court I
Area Court II
Area Court III**

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

**Presiding Judge
Presiding Judge
Presiding Judge**

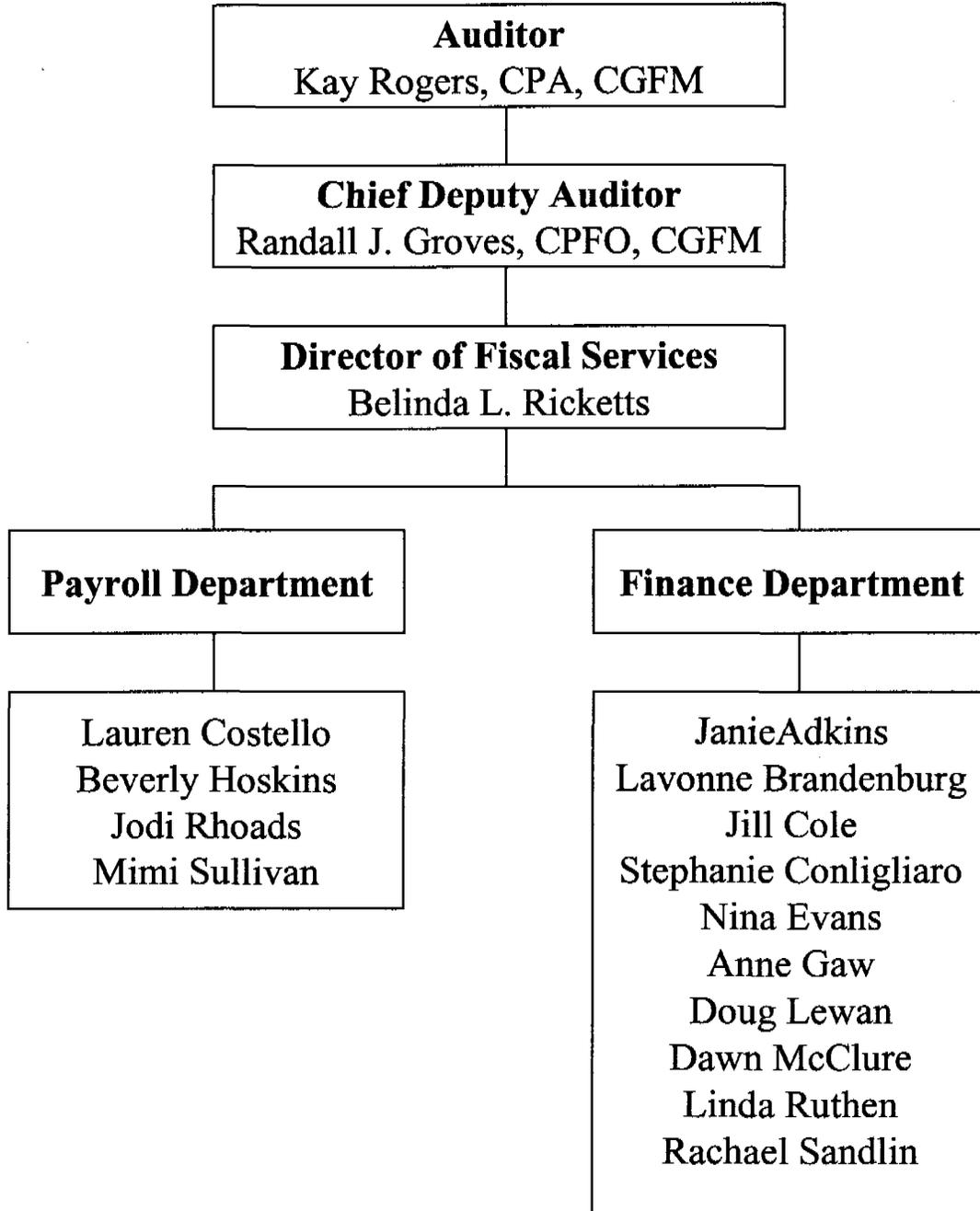
Butler County, Ohio

Organizational Chart



Butler County, Ohio

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



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FINANCIAL SECTION



The LeSourdsville Water Reclamation Facility, one of five of BCDES' WRFs, is located just 2 miles south of Middletown, Ohio. The LeSourdsville WRF has an average daily flow of 8.1 million gallons of wastewater. In 2003, 2.95 billion gallons of wastewater was treated.

Dave Wilson, a BCDES employee, monitors the oxidation ditch at the Upper Mill Creek Reclamation Facility. The oxidation ditch is part of the biological treatment process that removes pollutants from wastewater prior to discharge to creeks and rivers.





BCDES crews repair a water line break on Beckett Ridge Boulevard in West Chester Township.



This natural gas main was installed by BCDES staff, to feed the LeSourdsville WRF.



Crews are forming concrete to build the influent pump, where the wastewater enters the plant, as part of the Upper Mill Creek Water Reclamation Facility expansion.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Butler County
130 High Street
Hamilton, Ohio 45011

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Butler County, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General, Mental Retardation Fund, Job and Family Services Fund and Children Services Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2004, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and information regarding the County's infrastructure assets following the Notes to the Basic Financial Statements are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

250 W. Court St. / Suite 150 E / Cincinnati, OH 45202
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www.auditor.state.oh.us

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

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

Betty Montgomery
Auditor of State

June 24, 2004

Butler County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

Management's Discussion and Analysis offers the users of these financial statements an introspective look at the finances of Butler County for the year ended December 31, 2003, providing an easily readable overview of the County's financial performance as a whole while assisting readers in interpreting the basic financial statements. In addition to the information presented here, readers are also encouraged to review the transmittal letter, found on page iv, and the County's financial statements, beginning on page 15, for a more complete picture of Butler County's financial performance.

Financial Highlights

- Total net assets for Butler County increased \$15.6 million, or 3%, \$12 million of which came from business-type activities.
- General revenues accounted for 35% of total revenues for governmental activities, totaling \$76.9 million. Property tax and sales tax revenues were 82%, or \$62.6 million, of these general revenues.
- Construction on the Upper Mill Creek Expansion project was completed and \$23.4 million of related construction-in-progress was reclassified.
- \$2.8 million in general obligation long-term notes were issued to finance park improvements at the site of the former Voice of America property in West Chester Township.
- General Fund reserves took another hit in 2003 as expenditures again outpaced revenues and the year-end fund balance suffered a \$1.9 million, or 12%, decline. Unreserved fund balance at year-end totaled \$10 million, or 16% of total 2003 General Fund expenditures.
- \$4.83 million long-term note was issued for water system improvements.

Overview of the Financial Statements

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

Government-wide Financial Statements. Butler County's government-wide financial statements include a **Statement of Net Assets** and a **Statement of Activities**, which report the financial activities of the Butler County government as a whole, giving the reader a summary of county finances with a view of the bottom-line results of the County's operations. These statements are now prepared using the economic resources measurement focus and the accrual basis of accounting, similar to financial statements prepared in the private sector. As a result, all assets and liabilities of the County are accrued, and revenues and expenses are reported in the current year regardless of when the resulting cash flows occur.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fund Financial Statements. A fund is an accounting term referring to a segregated group of accounts used to account for and to assist with the management of financial resources received. Various funds may be established to account for specific activities or objectives of the County, and to demonstrate compliance with finance related legal requirements associated with those resources.

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

Butler County, Ohio
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separate column of the fund financial statements. Detailed data for each of the non-major funds are provided in the combining statements and individual fund schedules that follow the basic financial statements.

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

The County realized a rather moderate 3%, \$15.6 million increase in total net assets from the combined 2003 governmental and business-type activities. The investment in capital assets (net of related debt issued to acquire the assets) of \$408.8 million represents 74% of total net assets of the County. Capital assets are used to provide services to residents and do not represent assets that may be used for future spending.

Butler County, Ohio
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Sixty-four percent (64%) of the County's net assets are used providing governmental activities. While there was just a 1% increase to net assets used in governmental activities from 2002 to 2003, net assets used in business-type activities increased by six percent (6%). Total unrestricted net assets now make up 9.7% of total net assets. Unrestricted net assets are available for use in providing ongoing services to the County's residents.

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets						
Current and other assets	\$ 177,359,023	\$ 171,056,534	\$ 88,403,923	\$ 87,912,866	\$ 265,762,946	\$ 258,969,400
Capital assets	363,458,727	365,276,264	249,358,840	235,912,852	612,817,567	601,189,116
Total Assets	540,817,750	536,332,798	337,762,763	323,825,718	878,580,513	860,158,516
Liabilities						
Current and other liabilities	82,082,053	81,055,276	7,106,215	5,422,132	89,188,268	86,477,408
Long-term liabilities:						
Due within one year	20,449,755	16,801,797	9,944,794	4,743,919	30,394,549	21,545,716
Due in more than one year	86,056,251	89,935,600	121,141,042	126,041,392	207,197,293	215,976,992
Total Liabilities	188,588,059	187,792,673	138,192,051	136,207,443	326,780,110	324,000,116
Net Assets						
Invested in capital assets, net of related debt	263,458,176	261,504,606	145,357,603	142,565,025	408,815,779	404,069,631
Restricted for:						
Capital projects	-	302,669	-	-	-	302,669
Debt service	5,790,416	5,826,160	9,156,857	8,951,296	14,947,273	14,777,456
Replacement and Improvement	-	-	6,000,000	8,064,434	6,000,000	8,064,434
Other purposes	68,245,675	61,021,859	-	-	68,245,675	61,021,859
Unrestricted	14,735,424	19,884,831	39,056,252	28,037,520	53,791,676	47,922,351
Total Net Assets	\$352,229,691	\$348,540,125	\$199,570,712	\$187,618,275	\$551,800,403	\$536,158,400

Governmental Activities. The County's governmental activity expenses exceeded program revenues in 2003 by \$73.3 million and, with an infusion of \$76.9 million of general revenues, resulted in a \$3.7 million increase to governmental activity net assets. Total net assets used in governmental activities now exceed \$352 million.

General government expenses of \$43.1 million represent almost 20% of total governmental activity expenses, and an increase of 17% over 2002 levels. As explained below in the General Fund Budgetary Analysis, these increases are mostly due to reclassification of amounts previously reported as other financing uses and a byproduct of the new Recorder's Housing Trust fees. Debt service related expenses associated with governmental activities were just 2% of total governmental activity expenses.

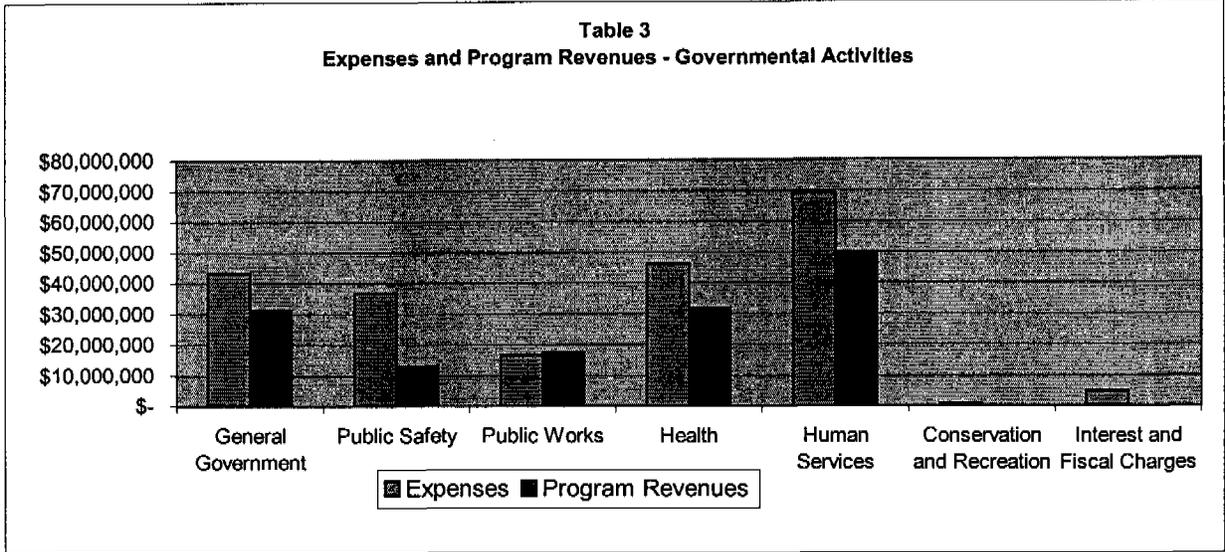
Butler County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

Table 2
Changes in Net Assets

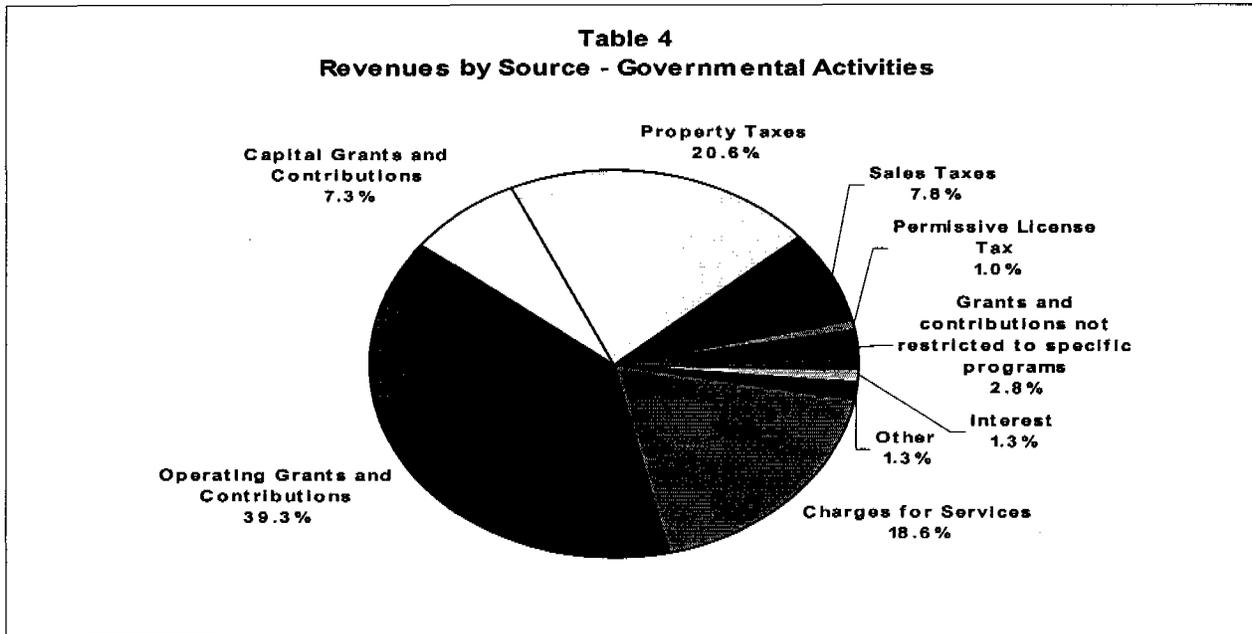
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues						
Program Revenues:						
Charges for Services	\$ 40,928,467	\$ 27,540,280	\$ 33,141,218	\$ 36,825,781	\$ 74,069,685	\$ 64,366,061
Operating Grants and Contributions	86,762,956	81,764,055	-	-	86,762,956	81,764,055
Capital Grants and Contributions	16,038,726	24,079,550	21,894,477	19,328,626	37,933,203	43,408,176
General Revenues:						
Property Taxes	45,458,190	40,737,025	-	-	45,458,190	40,737,025
Sales Taxes	17,182,889	16,642,460	-	-	17,182,889	16,642,460
Permissive License Tax	2,278,929	2,110,549	-	-	2,278,929	2,110,549
Grants and Contributions Not Restricted to Specific Programs	6,266,355	10,072,833	-	-	6,266,355	10,072,833
Interest	2,930,225	4,726,714	77,142	112,115	3,007,367	4,838,829
Other	2,771,852	819,767	1,288,712	1,678,347	4,058,564	2,498,114
Total Revenues	220,618,589	208,493,233	56,399,549	57,944,869	277,018,138	266,438,102
Expenses						
General Government:						
Legislative and Executive	30,228,989	24,241,162			30,228,989	24,241,162
Judicial	12,834,297	12,735,544			12,834,297	12,735,544
Public Safety	36,659,180	34,599,025			36,659,180	34,599,025
Public Works	16,672,729	15,657,130			16,672,729	15,657,130
Health	46,285,012	47,395,622			46,285,012	47,395,622
Human Services	69,048,201	69,442,215			69,048,201	69,442,215
Conservation and Recreation	531,971	520,722			531,971	520,722
Interest and Fiscal Charges	4,787,644	4,905,164			4,787,644	4,905,164
Sewer			21,895,962	20,016,850	21,895,962	20,016,850
Water			22,351,390	22,896,846	22,351,390	22,896,846
Parking Garage			80,760	83,212	80,760	83,212
Total Expenses	217,048,023	209,496,584	44,328,112	42,996,908	261,376,135	252,493,492
Increase in Net Assets before Transfers	3,570,566	(1,003,351)	12,071,437	14,947,961	15,642,003	13,944,610
Transfers	119,000	(380,965)	(119,000)	380,965	-	-
Increase (Decrease) in Net Assets	3,689,566	(1,384,316)	11,952,437	15,328,926	15,642,003	13,944,610
Net Assets January 1	348,540,125	349,402,801	187,618,275	170,239,913	536,158,400	519,642,714
Net Assets December 31	\$ 352,229,691	\$ 348,018,485	\$ 199,570,712	\$ 185,568,839	\$ 551,800,403	\$ 533,587,324

Program revenues supporting governmental activities increased 6% from 2002 to \$144 million. General government program revenues increased 33% to \$31.1 million, again as a result of the new Recorder's Housing Trust fee, an increase in Recorder fees in general, as well as fees for boarding prisoners. Public Works program revenues dropped 17.7% or nearly \$3.2 million as LPA grant revenue was down. Human Services program revenues increased over \$3.2 million, a 7% increase over 2002, as CSEA and Welfare to Work grant revenues were greater than in 2002.

**Butler County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited**



Program revenues consisting of charges for services and operating and capital grants and contributions constitute 65% of total revenues associated with governmental activities, while 35% are general revenues. Of the general revenues, 82% come from property taxes or sales taxes, an increase of 13% from 2002 largely attributable to a \$7 million increase in real property taxes realized in 2003 as a result of the six-year real property reappraisal. Table 3 provides a comparison of governmental activity expenses with program revenues. Table 4 provides a breakdown of the sources of governmental activity revenues.



Business-type Activities. The County's sewer and water system operations constitute 99% of the business-type activities. Butler County management has established sound fiscal plans and mechanisms in order to respond to the challenges of delivering efficient and cost effective services to a large service area whose capacity has been continually expanding due to the tremendous growth the County has seen over the years. Net assets of the business-type activities increased \$12 million in 2003, a six percent increase over 2002, further improving the County's already excellent financial position. Further detail regarding the financial condition of the sewer and water systems, and additional discussion relative to the effect of the settlement of the water contract litigation, are provided in the *Fund Analysis* section that follows.

Butler County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

Fund Analysis

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

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

At year-end, the governmental funds combined ending fund balance of \$44.2 million was \$1 million greater than the same balance just one year ago. While this was a 2.3% increase overall, several of the major funds operated at a deficit pace in 2003, resulting in double-digit percentage decreases to their fund balances. For example, the General Fund balance declined 12% to \$13.6 million, the Mental Retardation Fund balance decreased nearly \$1 million (12%), the Job and Family Services Fund balance fell 10% to \$3.2 million, and the Children Services Board Fund balance dropped 14% to \$1.4 million.

Only a portion of the \$44.2 million fund balance in the governmental funds is available for spending in next year's budget, however. This is referred to as the *unreserved fund balance*, and at December 31, 2003, the unreserved fund balance for the governmental funds had increased to \$34.7 million, or 79% of the total fund balance, a 10% increase over the previous year-end unreserved fund balance. The *reserved fund balance* indicates what monies have already been committed and are not an available expendable resource. The reserved governmental funds balance of \$9.5 million represents 21% of the total fund balance and has either been committed for the payment of current contracts and purchase orders (\$5.2 million), debt service (\$2.7 million), other miscellaneous commitments (\$.4 million), or has been reserved until loans or advances have been repaid to the General Fund (\$1.2 million).

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

The General Fund, the County's principal operating fund, ended the year with a \$13.7 million fund balance, a decrease of \$1.9 million from 2002. The General Fund's unreserved fund balance, at \$10 million, was \$1.3 million less than the previous year and represents 15% of 2003 General Fund expenditures. The ending fund balance of \$13.7 million is 20% of the 2003 General Fund actual revenues and aligned with management's strategic target. The ratio of the fund balance to revenues is still a good indicator of a currently healthy financial condition. The County has a history of strong financial performance that resulted in General Fund surpluses in seven of its last nine years prior to 2003. As discussed further in the General Fund Budget Analysis, management has instituted budgetary constraints that are intended to manage through the difficult economic times that have significantly impacted many state and local governments.

The Children Services Board Fund has recovered from a significant deficit condition experienced in 2002, largely due to the cuts to provider contracts and organizational restructuring recently implemented. Expenditures were more closely matched to revenues in 2003, however a deficit condition still existed and the year-end fund balance of \$1.4 million was 14% lower than the previous year. The tax levy supporting these human services activities expired in 2003, and the Board was successful in their efforts to pass a tax levy renewal in November of 2003, assuring a continued funding source through 2008.

The Mental Retardation Fund balance also declined in 2003. Intergovernmental revenues were down 10% from the previous year, as grant revenues were \$1 million less than 2002. Combined with a 2% increase in expenditures, the fund balance dropped \$.9 million to \$6.9 million.

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

Butler County, Ohio
Management's Discussion and Analysis
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Unaudited

Sewer Fund. The sewer system's \$23.2 million in current assets, predominantly comprised of equity in pooled cash and cash equivalents, and current liabilities of \$5.5 million resulted in a current ratio at year-end of 4.18 meaning the liquidation of slightly more than one fourth of current assets are required to pay current obligations. This leaves a fairly large safety margin of working capital (current assets less current liabilities) for ongoing operations, debt service, and unforeseen contingencies that may arise.

2003 marked the second straight year of no sewer rate increase. Operating revenues of \$16.9 million were virtually the same as for 2002, while operating expenses were about 11%, or \$1.9 million higher, resulting in an operating loss of \$1.6 million. Although all categories of operating expense in 2003 were at least somewhat higher than the prior year, depreciation expense increased significantly and, at \$6.6 million, was 18% higher, reflecting the tremendous, growth-driven additions to capital assets in recent years, mostly comprised of constructed sewer infrastructure. However, the combined effects of net non-operating revenues and expenses, and capital contributions (which include capacity fees to finance growth) added \$13.8 million, resulting in a 7.5%, \$9.1 million increase to net assets.

Water Fund. Nearly 90% of the water system's \$13.1 million in current assets were comprised of equity in pooled cash and cash equivalents. The ratio of these current assets to the Water Fund's current liabilities of \$2.0 million was 6.47, meaning that only about one-sixth of current assets must be liquidated to cover current liabilities, leaving a large safety margin of working capital for ongoing operations, debt service, and unforeseen contingencies.

A 3% water rate increase, effective July 1, 2003, only partially offset the effect of the 12% rate reduction (a direct consequence of the settlement of the water rate litigation with the City of Hamilton) which was effective October 1, 2002. Additionally, 2003 followed a year in which the summer months were unusually dry, pushing operating revenues to an all-time record. Operating revenues in 2003 returned to a more normal level of \$16.7 million, or 17.9% lower than 2002, while operating expenses of \$19.3 million were only \$1.2 million less than 2002. Depreciation expense was also significantly higher in 2003, by nearly \$2 million over 2002 levels, reflective of the high level of infrastructure capital spending in recent years keeping pace with the high rate of development in the service area. Capital contributions of \$8.1 million more than offset a \$5.2 million loss before such capital contributions, and led to a 4.3%, \$2.9 million increase to net assets.

2003 was the first full year following the settlement of litigation between the County and the city of Hamilton regarding a 1989 water agreement, whereby the existing water contract was terminated and replaced with a new water agreement for the period July 1, 2002 through December 31, 2021. The water contract settlement and subsequent agreement with the city of Hamilton provides the County with a much more favorable rate structure as well as more flexibility and options for securing water for County residents. Note 18 to the financial statements provides a more in-depth summary of this settlement agreement and its effects in 2003.

General Fund Budget Analysis

Budgetary control over expenditures in 2003 became a challenge due to the occupancy of the new adult detention facility, new remittance schedule for PERS, and employee healthcare costs. During 2003, over three quarters of a million dollars funded one time charges in the form of a change in PERS remittance schedules and greater than anticipated advances to the Health Care Fund. The County approached the year of 2003 by placing limits on operating budgets. Capital expenditures and travel expenses were curtailed, staff additions were frozen, and overall awareness to budgetary controls were enhanced and fortified with departments operating within the General Fund.

The General Fund's final 2003 appropriation budget, at \$70.7 million, was 19% higher than the original appropriation budget filed at the beginning of the year. Legislative and Executive appropriations increased \$2.4 million due to additional retirement contributions required by PERS as they moved from requiring quarterly payments to monthly payments (\$.7 million), the new Recorder's housing trust fees paid to the State of Ohio (\$.7 million), increased maintenance costs (\$.25 million), increased bank charges (\$.18 million), as well as increases to other miscellaneous charges. Public Safety appropriations increased \$1.8 million, or an increase of 7% from the original budget as an additional \$2.3 million was required for the boarding of prisoners over the amount originally budgeted, and wages and benefits appropriations in the Sheriff's office were \$.7 million dollars greater than budgeted. Offsetting these increased appropriations was the elimination of a \$1.5 million budgeted line item originally intended to segregate costs associated with the boarding of out of county prisoners.

On the revenue side, the Charges for Services budget increased 34%, or \$6.2 million, largely due to the reclassification of certain payments received from agencies outside the General Fund pursuant to contracts for General Fund departmental services such as information technology assistance and sheriff patrols, that had been recorded as Other Financing Sources. Additionally, the collection of fees in general had increased, namely the Recorder fees due to the

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continued escalation of mortgage refinancings in 2003, and the new Recorder's housing trust fee that was imposed in 2003.

Although the final budget projected a significant \$4 million (41%) decrease to General Fund cash reserves, actual revenues exceeded amounts estimated by \$.7 million and actual expenditures were \$3 million less than estimated. As a result, while the County still operated at a \$.8 million cash deficit in 2003, the actual effect on General Fund cash reserves was much less than projected. This decline is primarily attributable to one-time adjustments to the PERS remittance schedule and unanticipated advances to the Health Insurance Fund.

To stabilize General Fund reserves, operating restrictions will continue in 2004. No General Fund dollars will be allocated to local governments. New revenue sources are being explored. Investment earnings will be managed in accordance with market conditions. The General Fund budgetary basis ending balance of \$9.7 million at December 31, 2003 represents a fiscally strong position. Management believes the conservative budget measures implemented beginning in 2002 and carrying through to 2003 and 2004, coupled with the sustained economic development and growth in the County, will be sufficient to maintain a strong financial position.

Capital Asset and Debt Administration

Capital Assets

Capital assets include County owned land, land improvements, buildings, furniture and equipment, vehicles, water and sewer mains, and infrastructure. Butler County's total investment in capital assets for governmental and business-type activities (net of accumulated depreciation) amounts to \$612.8 million as of December 31, 2003, an increase of 2% over the previous year. Table 5 contains a summary of capital assets as of December 31, 2003, compared to assets owned by the County at year-end 2002.

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$7,531,452	\$6,524,883	\$ 1,109,410	\$983,360	\$8,640,862	\$7,508,243
Land Improvements	5,703,297	5,860,330	2,028,532	995,289	7,731,829	6,855,619
Buildings and Improvements	95,322,984	97,969,929	45,218,915	36,343,895	140,541,899	134,313,824
Furniture, Fixtures and Equipment	17,353,111	18,499,473	23,231,567	15,260,936	40,584,678	33,760,409
Vehicles	2,536,469	2,585,575	253,975	293,986	2,790,444	2,879,561
Infrastructure	232,769,161	232,661,873	-	-	232,769,161	232,661,873
Water and Sewer Mains	-	-	150,671,140	138,497,353	150,671,140	138,497,353
Construction in Progress	2,242,253	1,174,200	26,845,301	43,538,033	29,087,554	44,712,233
Total	\$363,458,727	\$365,276,263	\$249,358,840	\$235,912,852	\$612,817,567	\$601,189,115

Significant capital asset activity occurring during 2003 included the following:

- Completion of the Upper Mill Creek sewer expansion - Significant increases can be seen in the business-type activities' land improvements, buildings and improvements, equipment, and water and sewer mains categories, which were largely the result of the completion of the Upper Mill Creek Expansion project, where \$23.4 million dollars of construction-in-progress was reclassified.
- Land was purchased for \$1 million for the Butler Regional Airport, increasing governmental activity land assets.
- Construction on the MR/DD's Liberty Center, the Janet Clemmons Center, and improvements at the regional airport in 2003 resulted in the \$1.1 million dollar increase to governmental activity construction-in-progress.

Infrastructure Assets. Infrastructure assets refer to County roads, bridges, and culverts, and are reported in the governmental activities. Butler County, through the engineer's office, maintains an Infrastructure Asset System that incorporates the "modified approach" method of reporting infrastructure as provided for in Governmental Accounting

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Standards Board Statement No. 34. Under the modified approach, the County does not use historical cost-based depreciation as a measure of the cost of use for infrastructure assets. Instead, all expenditures made for infrastructure assets that preserve the useful life of the assets are expensed during the year incurred. Expenditures that increase the capacity or efficiency of the infrastructure assets (additions or improvements) are capitalized. In order to ensure that infrastructure assets are being preserved at, or above, previously established condition-levels, the County manages its infrastructure assets by performing periodic conditional assessments. Based on these findings, a budget is prepared for the maintenance and repair of these assets. During 2003, \$3 million was budgeted for road, \$3.7 million for bridge, and \$100,000 for culvert improvements.

Butler County manages its roadway system through the performance of biennial conditional assessments, using factors such as age of pavement, surface condition, and traffic volume and type. Roads are assigned a pavement rating based on a scale of one to four, with one being excellent and four being poor. It is the County's policy to maintain the County roadway system where at least 80% of the roads have a rating of three or better. A five-year paving plan is developed in order to keep the County's roads at condition levels established per policy. Actual maintenance spending on County roads in 2003 was \$2.1 million, and the most recent roadway system assessment indicates that 83% of County roads are currently assessed at a rating of three or better.

The County manages its bridges using a General Appraisal and Operational Status condition coding system as developed by the Federal Highway Administration. The condition of a bridge is rated from zero to nine, with nine being excellent condition, and zero meaning the bridge is in a failed or closed condition. Bridges are inspected on an annual basis as required by Ohio law. It is the policy of the county engineer to maintain the bridges such that 85% of the structures have a General Appraisal rating of five (5 - Fair) or better. The County spent \$2.7 million in 2003 to maintain bridges and the most recent bridge system assessment indicates that 89% of County bridges are currently assessed at a rating of five or better.

The engineer inspects culverts on a biennial basis, and conditional assessments are given based on a rating scale of one to four, with one meaning the culvert is in good condition and does not require repair, while a four rating means the culvert is in critical condition and is no longer functioning as designed. It is the policy of the county engineer to maintain 75% of the culverts in a condition of two (2 - Fair) or better. The most recent culvert system assessment indicates that 78% of the culverts are currently assessed at a rating of two or better.

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

Long-term Debt

At December 31, 2003, Butler County had a total of \$231.2 million in outstanding long-term debt. Of this total, \$100.7 million (44%) has helped fund governmental activities and \$130.5 million (56%) has helped fund business-type activities.

The County's long-term debt consisted of \$116.8 million in obligations backed by the full faith and credit of Butler County, including \$48.3 million in general obligation bonds, \$35.5 million water judgement bonds, \$12.7 million in special assessment bonds, for which Butler County is liable in case of default of the property owners subject to the assessment, and \$19.3 million in long-term notes. Additionally, an Ohio Public Works Commission loan balance in the amount of \$1.025 million remains outstanding at year-end. This loan is also backed by the full faith and credit of Butler County. A total of \$114.4 million of debt represent bonds secured by specified revenue sources, including water and sewer revenues and sales tax revenues.

New long-term financing activity was limited for Butler County in 2003. There were no general obligation bonds or revenue bonds issued during 2003. A total of \$3.1 million in new long-term notes were issued in support of governmental activities, including \$2.8 million for park improvements, debt service on which is to be provided annually by Metroparks of Butler County, and \$300,000 for remodeling a county building that currently houses the Butler County Health District. On the business activity side, a \$4.83 million long-term note was issued for water system improvements.

The net effect of all long-term financing activity in 2003 left Butler County with essentially the same level of long-term debt at year-end 2003 as the previous year. Long-term debt associated with governmental activities saw a slight decrease of \$.5 million, and long-term debt associated with business-type activities increased only \$.3 million.

Ohio law, through its direct and indirect debt limitations, restricts the amount of debt the County may issue. The County's total direct debt limit at December 31, 2003 was \$147,028,489 and the unvoted direct debt limit was \$39,367,396, representing an increase from the previous year by 24% and 40%, respectively.

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

Table 6
Butler County Outstanding Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
General Obligation Bonds	\$ 47,535,289	\$ 49,173,461	\$ 691,770	\$ 918,368	\$ 48,227,059	\$ 50,091,829
Sales Tax Bonds	24,890,000	25,925,000	-	-	24,890,000	25,925,000
Special Assessment debt with governmental commitment	12,748,000	13,511,000	-	-	12,748,000	13,511,000
Ohio Public Works Commission Loans	1,024,945	1,103,476	-	-	1,024,945	1,103,476
Long-term Notes	14,485,000	11,465,000	4,830,000	-	19,315,000	11,465,000
Revenue Bonds	-	-	89,520,000	93,773,315	89,520,000	93,773,315
Water Judgement Bonds	-	-	35,470,652	35,552,419	35,470,652	35,552,419
Total	\$ 100,683,234	\$ 101,177,937	\$ 130,512,422	\$ 130,244,102	\$ 231,195,656	\$ 231,422,039

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

Besides the long-term bonds and notes outstanding, the County also is liable for other long-term obligations in the form of capital leases payable and compensated absences payable, all of which totaled \$6.4 million dollars at year-end, \$5.8 million associated with governmental activities and \$.6 million associated with business-type activities. Additional information about the County's long-term obligations can be found in Note 15 to the financial statements.

Economic and Other Potentially Significant Matters

The nation's economy is still in the stages of recovery. A significant factor to consider during time of economic challenges is that Butler County's revenue base depicts a consistent history of growth. The County enjoys an easy and available access to debt markets. Strong development and economic growth within the County continues to provide a buffer against slowing of business conditions and result in increases in tax revenues during 2003, 2004 and beyond. The development of several new retail centers around the Michael Fox Highway, Interstate 75, and West Chester Township reinforce this trend. In addition the development of a Fiber Optic Highway within the County will serve as a catalyst to spawn high-tech business in the County.

A major concern of many local governments is the impact of declining interest rates on investment earnings. While impacted by declining investment income, the Butler County treasurer, investment committee, and investment advisors have adopted strategies that out perform current market conditions. As of December 31, 2003, the Investment Portfolio of the County includes a yield to maturity (YTM) of 2.5% that is favorable to the treasury yield curve of the same date

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which reports yields from 0.9% for three months Treasuries to 1.8% for two year Treasuries. The portfolio's YTM, while strong, still maintains adequate liquidity to meet the County's operating needs. Average days-to-maturity of the portfolio is 697 days.

Butler County is always in search of revenue sources to fund operations as well as infrastructure improvements. Exploding residential and commercial growth place pressure on the County's infrastructure system. In response to the challenge to provide sufficient funding for infrastructure development, the County is actively studying financing methods such as TIFIA federal funding, which enables the County to address infrastructure needs sooner than later, and potential revenue resources such as residential tax incentive districts, which offer a unique opportunity to capture funds to devote to local infrastructure projects.

Residential tax increment financing (TIF) incentive districts, or residential TIFs, have become the newest rage in innovative financing devices in Butler County and throughout Ohio. Tax increment financing is a development tool that exempts taxes on the incremental value of properties within the district and instead collects payments in lieu of taxes (PILOTs) from property owners to pay for public improvements in the district. Historically, TIF districts were created around commercial and industrial properties only and the PILOTs were used to pay for infrastructure improvements necessary for and/or benefiting, the commercial or industrial development. Residential TIF districts, on the other hand, require PILOTs on the incremental value of residentially developed property, provided that certain statutory criteria involving the economic development plans of the County are met. The dollars generated from these residential properties must also be used for public improvements benefiting the properties in the incentive district. Management is exploring the potential long-term fiscal effects, both positive and negative, of residential TIFs to the County and its local governments.

Requests for Information

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

Butler County, Ohio
Statement of Net Assets
December 31, 2003

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Miami Valley Industries, Inc.
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 55,626,262	\$ 32,437,121	\$ 88,063,383	\$ -
Cash and Cash Equivalents				
In Segregated Accounts	402,208	600	402,808	91,131
Accounts Receivable	9,072,402	2,490,678	11,563,080	265,083
Due from Other Governments	52,399,001	-	52,399,001	-
Accrued Interest Receivable	610,113	-	610,113	-
Cash and Cash Equivalents With Fiscal Agents	2,587,400	9,441,158	12,028,558	-
Investments in Segregated Accounts	-	-	-	223,195
Prepaid Items	657,029	20,332	677,361	7,738
Internal Balances	139,998	(139,998)	-	-
Materials and Supplies Inventory	445,059	103,594	548,653	11,472
Taxes Receivable	42,265,561	-	42,265,561	-
Loans Receivable	631,697	-	631,697	1,798
Special Assessments Receivable	12,100,214	1,204,624	13,304,838	-
Deferred Charges	422,079	3,682,195	4,104,274	-
Equity in Pooled Cash and Cash Equivalents	-	6,093,459	6,093,459	-
Deferred Charges for Water Rate Stabilization	-	33,070,160	33,070,160	-
Nondepreciable Capital Assets	242,542,866	27,954,711	270,497,577	-
Depreciable Capital Assets, net	120,915,861	221,404,129	342,319,990	929,761
Total Assets	540,817,750	337,762,763	878,580,513	1,530,178
Liabilities				
Accounts Payable	3,404,448	370,480	3,774,928	14,852
Contracts Payable	3,373,498	861,252	4,234,750	-
Accrued Wages and Benefits	4,579,398	468,639	5,048,037	111,311
Due to Other Governments	1,590,367	779,553	2,369,920	-
Matured Compensated Absences Payable	10,178	-	10,178	-
Deferred Revenue	40,314,881	-	40,314,881	335,114
Matured Bonds Payable	15,000	-	15,000	-
Matured Interest Payable	8,101	-	8,101	-
Accrued Interest Payable	653,286	596,719	1,250,005	-
Notes Payable	24,180,000	3,585,000	27,765,000	413,939
Claims Payable	3,931,440	-	3,931,440	-
Retainage Payable	21,456	351,113	372,569	-
Refundable Deposits	-	93,459	93,459	-
Long-Term Liabilities:				
Due Within One Year	20,449,755	9,944,794	30,394,549	-
Due In More Than One Year	86,056,251	121,141,042	207,197,293	-
Total Liabilities	188,588,059	138,192,051	326,780,110	875,216
Net Assets				
Invested in Capital Assets, Net of Related Debt	263,458,176	145,357,603	408,815,779	515,822
Restricted for:				
Debt Service	5,790,416	9,156,857	14,947,273	-
Replacement and Improvement	-	6,000,000	6,000,000	-
Other Purposes	68,245,675	-	68,245,675	-
Unrestricted	14,735,424	39,056,252	53,791,676	139,140
Total Net Assets	\$ 352,229,691	\$ 199,570,712	\$ 551,800,403	\$ 654,962

See accompanying notes to the basic financial statements

Butler County, Ohio
Statement of Activities
For the Year Ended December 31, 2003

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>
Governmental Activities			
General Government:			
Legislative and Executive	\$ 30,228,989	\$ 26,064,981	\$ 160,789
Judicial	12,834,297	3,703,685	1,182,707
Public Safety	36,659,180	5,996,412	6,721,740
Public Works	16,672,729	2,175,913	193,292
Health	46,285,012	1,042,160	30,579,700
Human Services	69,048,201	1,945,316	47,924,728
Conservation and Recreation	531,971	-	-
Interest and Fiscal Charges	4,787,644	-	-
Total Governmental Activities	<u>217,048,023</u>	<u>40,928,467</u>	<u>86,762,956</u>
Business-Type Activities			
Sewer	21,895,962	16,464,896	-
Water	22,351,390	16,500,238	-
GSC Parking Garage	80,760	176,084	-
Total Business-Type Activities	<u>44,328,112</u>	<u>33,141,218</u>	<u>-</u>
Total Primary Government	<u>\$ 261,376,135</u>	<u>\$ 74,069,685</u>	<u>\$ 86,762,956</u>
Component Unit			
Miami Valley Industries, Inc.	<u>\$ 2,279,505</u>	<u>\$ 2,254,729</u>	<u>\$ -</u>
		General Revenues	
		Property Taxes Levied for:	
		General Purposes	
		Mental Retardation	
		Children Services Board	
		Mental Health	
		Elderly Services Levy	
		Sales Tax	
		Permissive License Tax	
		Grants and Entitlements not Restricted to Specific Program	
		Interest	
		Net Decrease in Fair Value of Investments	
		Other	
		Transfers	
		Total General Revenues and Transfers	
		Change in Net Assets	
		Net Assets Beginning of Year - Restated See Note 3	
		Net Assets End of Year	

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets				
Capital Grants, Contributions, and Interest	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Miami Valley Industries, Inc.
\$ -	\$ (4,003,219)	\$ -	\$ (4,003,219)	\$ -
-	(7,947,905)	-	(7,947,905)	-
301,836	(23,639,192)	-	(23,639,192)	-
15,736,890	1,433,366	-	1,433,366	-
-	(14,663,152)	-	(14,663,152)	-
-	(19,178,157)	-	(19,178,157)	-
-	(531,971)	-	(531,971)	-
-	(4,787,644)	-	(4,787,644)	-
16,038,726	(73,317,874)	-	(73,317,874)	-
13,809,849	-	8,378,783	8,378,783	-
8,084,628	-	2,233,476	2,233,476	-
-	-	95,324	95,324	-
21,894,477	-	10,707,583	10,707,583	-
\$ 37,933,203	(73,317,874)	10,707,583	(62,610,291)	-
\$ -	-	-	-	(24,776)
	12,810,448	-	12,810,448	-
	14,890,749	-	14,890,749	-
	8,214,528	-	8,214,528	-
	1,959,018	-	1,959,018	-
	7,583,447	-	7,583,447	-
	17,182,889	-	17,182,889	-
	2,278,929	-	2,278,929	-
	6,266,355	-	6,266,355	-
	3,676,735	77,142	3,753,877	2,826
	(746,510)	-	(746,510)	(3,692)
	2,771,852	1,286,712	4,058,564	-
	119,000	(119,000)	-	-
	77,007,440	1,244,854	78,252,294	(866)
	3,689,566	11,952,437	15,642,003	(25,642)
	348,540,125	187,618,275	536,158,400	680,604
\$	352,229,691	\$ 199,570,712	\$ 551,800,403	\$ 654,962

Butler County, Ohio
Balance Sheet
Governmental Funds
December 31, 2003

	General	Mental Retardation	Job and Family Services	Children Services Board
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 11,237,418	\$ 7,869,918	\$ 3,672,717	\$ 2,383,859
Cash and Cash Equivalents:				
In Segregated Accounts	260,950	-	-	-
With Fiscal Agents	2,468,512	-	-	-
Receivables:				
Taxes	10,457,860	12,770,018	-	10,745,416
Accounts	81,286	175	22,246	-
Due From Other Governments	7,625,999	2,042,620	13,777,792	327,381
Accrued Interest	610,113	-	-	-
Special Assessments	-	-	-	-
Loans	117,545	-	-	-
Due from Other Funds	973,444	-	7,389	79,824
Prepaid Items	345,780	56,447	9,001	2,553
Materials and Supplies Inventory	70,000	20,093	7,700	7,700
Advances to Other Funds	551,802	-	-	-
Total Assets	\$ 34,800,709	\$ 22,759,271	\$ 17,496,845	\$ 13,546,733
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 1,355,942	\$ 194,871	\$ 529,798	\$ 592,033
Contracts Payable	33,033	355,624	364,394	57,822
Retainage Payable	-	-	-	-
Accrued Wages and Benefits	1,904,103	769,612	414,499	315,704
Matured Compensated Absences Payable	1,722	-	22	-
Due to Other Funds	697,307	117,448	223,395	94,404
Due to Other Governments	1,018,695	12,029	63,407	20,966
Deferred Revenue	15,782,220	14,427,107	12,741,748	11,064,236
Advances from Other Funds	-	-	-	-
Matured Bonds Payable	-	-	-	-
Matured Interest Payable	-	-	-	-
Accrued Interest Payable	1,499	-	-	-
Notes Payable	355,000	-	-	-
Total Liabilities	21,149,521	15,876,691	14,337,263	12,145,165
Fund Balances				
Reserved for Encumbrances	206,414	798,060	779,579	66,812
Reserved for Loans	117,545	-	-	-
Reserved for Material and Supplies Inventory	70,000	20,093	7,700	7,700
Reserved for Debt Service Principal	2,691,699	-	-	-
Reserved for Advances	551,802	-	-	-
Unreserved:				
Undesignated, Reported in:				
General Fund	10,013,728	-	-	-
Special Revenue Funds	-	6,064,427	2,372,303	1,327,056
Debt Service Fund	-	-	-	-
Capital Projects Funds	-	-	-	-
Total Fund Balances	13,651,188	6,882,580	3,159,582	1,401,568
Total Liabilities and Fund Balances	\$ 34,800,709	\$ 22,759,271	\$ 17,496,845	\$ 13,546,733

See accompanying notes to the basic financial statements

Bond Retirement	Buildings Construction and Renovations	Road Improvements	Other Governmental Funds	Total Governmental Funds
\$ 890,749	\$ 241,934	\$ 898,340	\$ 26,237,906	\$ 53,432,841
-	-	-	141,258	402,208
-	-	-	50,105	2,518,617
-	-	-	8,292,267	42,265,561
-	-	8,733,100	173,695	9,010,502
-	-	5,376,822	23,239,689	52,390,303
-	-	-	-	610,113
10,618,163	-	-	1,482,051	12,100,214
-	-	-	514,152	631,697
-	-	-	771,834	1,832,491
-	-	-	239,248	653,029
-	-	-	339,566	445,059
-	-	-	-	551,802
<u>\$ 11,508,912</u>	<u>\$ 241,934</u>	<u>\$ 15,008,262</u>	<u>\$ 61,481,771</u>	<u>\$ 176,844,437</u>
\$ -	\$ -	\$ 49,712	\$ 677,190	\$ 3,399,546
-	-	-	2,562,576	3,373,449
-	-	-	21,456	21,456
-	-	-	1,156,890	4,560,808
-	-	-	8,434	10,178
540	-	31,188	795,131	1,959,413
-	-	-	68,255	1,183,352
10,618,163	-	21,585	28,576,954	93,232,013
-	-	-	551,802	551,802
15,000	-	-	-	15,000
8,101	-	-	-	8,101
-	13,940	85,344	13,776	114,559
-	3,301,500	15,910,000	4,613,500	24,180,000
<u>10,641,804</u>	<u>3,315,440</u>	<u>16,097,829</u>	<u>39,045,964</u>	<u>132,609,677</u>
-	-	-	3,336,587	5,187,452
-	-	-	514,152	631,697
-	-	-	339,566	445,059
-	-	-	-	2,691,699
-	-	-	-	551,802
-	-	-	-	10,013,728
-	-	-	19,063,724	28,827,510
867,108	-	-	-	867,108
-	(3,073,506)	(1,089,567)	(818,222)	(4,981,295)
<u>867,108</u>	<u>(3,073,506)</u>	<u>(1,089,567)</u>	<u>22,435,807</u>	<u>44,234,760</u>
<u>\$ 11,508,912</u>	<u>\$ 241,934</u>	<u>\$ 15,008,262</u>	<u>\$ 61,481,771</u>	<u>\$ 176,844,437</u>

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Butler County, Ohio
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2003

Total Governmental Fund Balances \$ 44,234,760

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	7,531,452	
Infrastructure	232,769,161	
Construction in progress	2,242,253	
Other capital assets	161,022,819	
Accumulated depreciation	<u>(40,106,958)</u>	
Total capital assets		363,458,727

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. (1,770,226)

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

Property Taxes	3,225,415	
Special Assessments	12,100,214	
Due From Other Governments	36,981,390	
Interest Revenue	<u>610,113</u>	
		52,917,132

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis 422,079

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

Accrued interest on bonds	(538,727)	
Premium/Discount on bonds	(2,055,289)	
Capital leases	(133,800)	
Notes	(14,485,000)	
Bonds	(83,118,000)	
Loans	(1,024,945)	
Compensated absences	<u>(5,677,020)</u>	
Total liabilities		<u>(107,032,781)</u>

Net Assets of Governmental Activities \$ 352,229,691

See accompanying notes to the basic financial statements

Butler County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	General	Mental Retardation	Job and Family Services	Children Services Board
Revenues				
Taxes	\$ 29,542,959	\$ 14,844,931	\$ -	\$ 8,201,627
Charges for Services	25,920,096	443,371	62,681	-
Licenses and Permits	27,126	-	-	-
Fines and Forfeitures	1,236,123	-	-	-
Intergovernmental	7,800,798	9,278,539	22,442,784	10,700,984
Special Assessments	-	-	-	-
Interest	2,707,335	-	-	-
Net Decrease in Fair Value of Investments	(746,510)	-	-	-
Other	721,160	83,753	1,156,243	41,289
Total Revenues	67,209,087	24,650,594	23,661,708	18,943,900
Expenditures				
Current:				
General Government				
Legislative and Executive	21,242,009	-	-	-
Judicial	11,143,923	-	-	-
Public Safety	26,901,568	-	-	-
Public Works	182,599	-	-	-
Health	492,938	25,615,020	-	-
Human Services	933,727	-	25,271,640	19,166,188
Conservation and Recreation	531,971	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	1,035,000	-	-	-
Interest and Fiscal Charges	1,269,562	-	-	-
Total Expenditures	63,733,297	25,615,020	25,271,640	19,166,188
Excess of Revenues Over (Under) Expenditures	3,475,790	(964,426)	(1,609,932)	(222,288)
Other Financing Sources (Uses):				
Premium from Debt Issued	1,370	-	-	-
Notes Issued	-	-	-	-
Inception of Capital Lease	-	-	-	-
Transfers - In	194,000	-	1,275,182	-
Transfers - Out	(5,528,820)	-	-	-
Total Other Financing Sources (Uses)	(5,333,450)	-	1,275,182	-
Net Change in Fund Balance	(1,857,660)	(964,426)	(334,750)	(222,288)
Fund Balances (Deficit) Beginning of Year - (Restated Note 3)	15,508,848	7,844,461	3,494,332	1,623,856
Decrease in Reserve for Inventory	-	2,545	-	-
Fund Balances (Deficit) End of Year	\$ 13,651,188	\$ 6,882,580	\$ 3,159,582	\$ 1,401,568

See accompanying notes to the basic financial statements

<u>Bond Retirement</u>	<u>Buildings Construction and Renovations</u>	<u>Road Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 12,148,555	\$ 64,738,072
-	-	-	11,160,545	37,586,693
-	-	-	368,578	395,704
-	-	-	341,327	1,577,450
-	301,836	689,765	53,604,304	104,819,010
1,618,253	-	-	178,711	1,796,964
-	5,400	279,211	74,676	3,066,622
-	-	-	-	(746,510)
-	-	50,321	423,738	2,476,504
<u>1,618,253</u>	<u>307,236</u>	<u>1,019,297</u>	<u>78,300,434</u>	<u>215,710,509</u>
-	-	-	6,147,316	27,389,325
-	-	-	1,273,229	12,417,152
-	-	-	7,094,408	33,995,976
-	-	-	16,541,092	16,723,691
-	-	-	20,908,171	47,016,129
-	-	-	23,574,213	68,945,768
-	-	-	-	531,971
-	1,816,565	403,254	644,922	2,864,741
2,293,000	3,790,000	2,060,000	5,717,447	14,895,447
3,058,624	82,875	337,662	143,344	4,892,067
<u>5,351,624</u>	<u>5,689,440</u>	<u>2,800,916</u>	<u>82,044,142</u>	<u>229,672,267</u>
<u>(3,733,371)</u>	<u>(5,382,204)</u>	<u>(1,781,619)</u>	<u>(3,743,708)</u>	<u>(13,961,758)</u>
-	35,812	109,088	46,425	192,695
-	3,935,000	2,090,000	8,460,000	14,485,000
-	-	-	72,200	72,200
3,899,026	284,552	167,669	422,060	6,242,489
-	(320,236)	-	(274,433)	(6,123,489)
<u>3,899,026</u>	<u>3,935,128</u>	<u>2,366,757</u>	<u>8,726,252</u>	<u>14,868,895</u>
165,655	(1,447,076)	585,138	4,982,544	907,137
701,453	(1,626,430)	(1,674,705)	17,401,552	43,273,367
-	-	-	51,711	54,256
<u>\$ 867,108</u>	<u>\$ (3,073,506)</u>	<u>\$ (1,089,567)</u>	<u>\$ 22,435,807</u>	<u>\$ 44,234,760</u>

Butler County, Ohio
**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2003**

Net Change in Fund Balances - Total Governmental Funds \$ 907,137

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

Capital outlays are reported as expenditures in governmental funds.

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

Capital Asset Additions	4,649,326	
Current Year Depreciation	<u>(6,466,862)</u>	(1,817,536)

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

Property Taxes	462,738	
Due From Other Governments	3,277,128	
Special Assessments	262,752	
Accounts Receivable	-	
Interest Revenue	<u>610,113</u>	4,612,731

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

Bond principal retirement	2,565,000	
Special assessment principal retirement	763,000	
Note principal retirement	11,465,000	
Loan principal retirement	78,531	
Capital lease payments	<u>23,916</u>	
Total long-term debt repayment		14,895,447

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. (174,230)

Governmental funds report premiums, discounts and bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities

Amortization of Bond Premiums/Discounts on Issue	108,172	
Amortization of Bond Issuance Costs	<u>(22,214)</u>	85,958

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

Bond Proceeds, Note Proceeds, Capital Lease Inception (14,557,200)

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

Compensated Absences	(219,420)	
Accrued Pension Contributions	2,743,397	
Change in Inventory	<u>54,256</u>	
Total additional expenditures		2,578,233

The internal service funds used by management to charge the costs of insurance to individual funds. The net revenue (expense) of the internal service funds are reported with governmental activities. (2,840,974)

Change in Net Assets of Governmental Activities \$ 3,689,566

See accompanying notes to the basic financial statements

Butler County, Ohio

Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 29,003,000	\$ 28,903,003	\$ 29,283,435	\$ 380,432
Charges for Services	18,482,220	24,680,259	24,770,293	90,034
Licenses and Permits	20,620	27,126	27,126	-
Fines and Forfeitures	1,152,500	1,181,852	1,190,852	9,000
Intergovernmental	7,681,000	7,652,897	7,852,898	200,001
Interest	3,475,450	3,012,148	3,026,265	14,117
Other	1,598,210	807,996	832,997	25,001
Total Revenues	<u>61,413,000</u>	<u>66,265,281</u>	<u>66,983,866</u>	<u>718,585</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive	18,932,693	21,311,983	20,601,445	710,538
Judicial	12,497,466	12,836,488	12,154,911	681,577
Public Safety	25,937,845	27,706,538	27,185,604	520,934
Public Works	225,972	234,522	193,446	41,076
Health	369,553	489,493	464,905	24,588
Human Services	904,758	942,121	922,793	19,328
Conservation and Recreation	531,004	533,004	531,971	1,033
Debt Service:				
Principal Retirement	-	2,940,000	2,836,425	103,575
Interest and Fiscal Charges	-	3,693,426	3,562,022	131,404
Total Expenditures	<u>59,399,291</u>	<u>70,687,575</u>	<u>68,453,522</u>	<u>2,234,053</u>
Excess of Revenues Over (Under) Expenditures	<u>2,013,709</u>	<u>(4,422,294)</u>	<u>(1,469,656)</u>	<u>2,952,638</u>
Other Financing Sources (Uses):				
Other Financing Sources	4,687,000	1,962,389	1,974,726	12,337
Other Financing Uses	-	(90,576)	(90,576)	-
Proceeds of Notes	-	355,000	355,000	-
Advances - In	-	488,313	559,075	70,762
Advances - Out	-	(653,830)	(653,830)	-
Premium on Debt Issued	-	-	1,370	1,370
Transfers - In	-	300,000	491,324	191,324
Transfers - Out	(7,329,781)	(1,982,702)	(1,981,794)	908
Total Other Financing Sources (Uses)	<u>(2,642,781)</u>	<u>378,594</u>	<u>655,295</u>	<u>276,701</u>
Net Change in Fund Balance	<u>(629,072)</u>	<u>(4,043,700)</u>	<u>(814,361)</u>	<u>3,229,339</u>
Fund Balances at Beginning of Year	9,776,611	9,776,611	9,776,611	-
Prior Year Encumbrances Appropriated	748,405	748,405	748,405	-
Fund Balances at End of Year	<u>\$ 9,895,944</u>	<u>\$ 6,481,316</u>	<u>\$ 9,710,655</u>	<u>\$ 3,229,339</u>

See accompanying notes to the Basic Financial Statements.

Butler County, Ohio

Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 Mental Retardation Fund
 For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 15,762,000	\$ 14,357,853	\$ 14,342,783	\$ (15,070)
Charges for Services	485,000	420,631	447,634	27,003
Intergovernmental	9,990,000	8,627,447	9,139,600	512,153
Other	474,500	12,024	75,222	63,198
Total Revenues	26,711,500	23,417,955	24,005,239	587,284
Expenditures:				
Current:				
Health	30,402,008	29,043,403	26,603,140	2,440,263
Total Expenditures	30,402,008	29,043,403	26,603,140	2,440,263
Excess of Revenues Over (Under) Expenditures	(3,690,508)	(5,625,448)	(2,597,901)	3,027,547
Other Financing Sources:				
Other Financing Sources	260,600	37,487	41,882	4,395
Total Other Financing Sources	260,600	37,487	41,882	4,395
Net Change in Fund Balance	(3,429,908)	(5,587,961)	(2,556,019)	3,031,942
Fund Balances at Beginning of Year	7,010,864	7,010,864	7,010,864	-
Prior Year Encumbrances Appropriated	1,855,008	1,855,008	1,855,008	-
Fund Balances at End of Year	\$ 5,435,964	\$ 3,277,911	\$ 6,309,853	\$ 3,031,942

See accompanying notes to the Basic Financial Statements.

Butler County, Ohio

Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 Job and Family Services Fund
 For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ -	\$ 49,105	\$ 49,105	\$ -
Intergovernmental	23,499,000	22,428,817	23,442,178	1,013,361
Other	1,215,000	1,069,135	1,148,854	79,719
Total Revenues	<u>24,714,000</u>	<u>23,547,057</u>	<u>24,640,137</u>	<u>1,093,080</u>
Expenditures:				
Current:				
Human Services	27,388,706	27,564,651	27,094,284	470,367
Total Expenditures	<u>27,388,706</u>	<u>27,564,651</u>	<u>27,094,284</u>	<u>470,367</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,674,706)</u>	<u>(4,017,594)</u>	<u>(2,454,147)</u>	<u>1,563,447</u>
Other Financing Sources:				
Other Financing Sources	5,000	47,761	48,184	423
Transfers - In	1,275,000	1,275,182	1,275,182	-
Total Other Financing Sources	<u>1,280,000</u>	<u>1,322,943</u>	<u>1,323,366</u>	<u>423</u>
Net Change in Fund Balance	(1,394,706)	(2,694,651)	(1,130,781)	1,563,870
Fund Balances at Beginning of Year	1,974,991	1,974,991	1,974,991	-
Prior Year Encumbrances Appropriated	1,395,706	1,395,706	1,395,706	-
Fund Balances at End of Year	<u>\$ 1,975,991</u>	<u>\$ 676,046</u>	<u>\$ 2,239,916</u>	<u>\$ 1,563,870</u>

See accompanying notes to the Basic Financial Statements.

Butler County, Ohio

Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 Children Services Board Fund
 For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 7,700,000	\$ 7,886,624	\$ 7,886,624	\$ -
Intergovernmental	9,832,647	11,318,841	11,705,242	386,401
Other	5,000	43,199	43,199	-
Total Revenues	<u>17,537,647</u>	<u>19,248,664</u>	<u>19,635,065</u>	<u>386,401</u>
Expenditures:				
Current:				
Human Services	19,578,669	20,696,581	19,786,048	910,533
Total Expenditures	<u>19,578,669</u>	<u>20,696,581</u>	<u>19,786,048</u>	<u>910,533</u>
 Excess of Revenues Over (Under) Expenditures	 <u>(2,041,022)</u>	 <u>(1,447,917)</u>	 <u>(150,983)</u>	 <u>1,296,934</u>
 Other Financing Sources:				
Other Financing Sources	5,000	7,606	7,606	-
Total Other Financing Sources	<u>5,000</u>	<u>7,606</u>	<u>7,606</u>	<u>-</u>
 Net Change in Fund Balance	 <u>(2,036,022)</u>	 <u>(1,440,311)</u>	 <u>(143,377)</u>	 <u>1,296,934</u>
 Fund Balances at Beginning of Year	 35,141	 35,141	 35,141	 -
Prior Year Encumbrances Appropriated	<u>2,002,642</u>	<u>2,002,642</u>	<u>2,002,642</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 1,761</u>	<u>\$ 597,472</u>	<u>\$ 1,894,406</u>	<u>\$ 1,296,934</u>

See accompanying notes to the Basic Financial Statements.

Butler County, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2003

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewer	Water	GSC Parking Garage	Total	
Assets					
Current Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 20,987,314	\$ 11,445,447	\$ 4,360	\$ 32,437,121	\$ 2,193,421
Cash and Cash Equivalents in Segregated Accounts	250	250	100	600	
Cash and Cash Equivalents with Fiscal Agent	-	-	-	-	68,783
Receivables:					
Accounts	1,693,194	797,484	-	2,490,678	61,900
Due from Other Governments	-	-	-	-	8,698
Due from Other Funds	427	-	2,583	3,010	840,050
Prepaid Items	11,281	9,051	-	20,332	4,000
Materials and Supplies Inventory	81,745	21,849	-	103,594	-
Special Assessments Receivable	412,471	792,153	-	1,204,624	-
Total Current Assets	23,186,682	13,066,234	7,043	36,259,959	3,176,852
Noncurrent Assets					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	4,000,000	2,093,459	-	6,093,459	-
Cash and Cash Equivalents with Fiscal Agent	6,197,768	3,243,390	-	9,441,158	-
Deferred Charges	2,303,838	1,378,357	-	3,682,195	-
Deferred Charges for Water Rate Stabilization	-	33,070,160	-	33,070,160	-
Non-Depreciable Capital Assets	18,449,765	9,504,946	-	27,954,711	-
Depreciable Capital Assets	143,851,499	77,552,630	-	221,404,129	-
Total Noncurrent Assets	174,802,870	126,842,942	-	301,645,812	-
Total Assets	197,989,552	139,909,176	7,043	337,905,771	3,176,852
Liabilities					
Accounts Payable	264,053	106,427	-	370,480	4,902
Contracts Payable	653,476	207,776	-	861,252	49
Accrued Wages and Benefits	287,506	178,338	2,795	468,639	18,590
Retainage Payable	270,701	80,412	-	351,113	-
Due to Other Funds	83,898	58,643	467	143,008	573,130
Due to Other Governments	16,338	763,215	-	779,553	407,015
Accrued Interest Payable	20,798	291,620	-	312,418	-
Notes Payable	3,585,000	-	-	3,585,000	-
General Obligation Bonds Payable	225,000	-	-	225,000	-
Judgement Bonds Payable	-	250,000	-	250,000	-
Claims Payable	-	-	-	-	3,931,440
Compensated Absences Payable	133,865	80,211	718	214,794	4,742
Total Current Liabilities	5,540,635	2,016,642	3,980	7,561,257	4,939,868
Noncurrent Liabilities:					
Payable From Restricted Assets:					
Refundable Deposits	-	93,459	-	93,459	-
Revenue Bonds Payable	3,165,000	1,260,000	-	4,425,000	-
Accrued Interest Payable	245,325	38,976	-	284,301	-
Long-Term Liabilities:					
Compensated Absences Payable	197,727	159,247	1,646	358,620	7,210
Notes Payable	-	4,830,000	-	4,830,000	-
General Obligation Bonds Payable	466,770	-	-	466,770	-
Revenue Bonds Payable	57,500,000	27,595,000	-	85,095,000	-
Judgement Bonds Payable	-	35,220,652	-	35,220,652	-
Total Noncurrent Liabilities	61,574,822	69,197,334	1,646	130,773,802	7,210
Total Liabilities	67,115,457	71,213,976	5,626	138,335,059	4,947,078
Net Assets					
Invested in Capital Assets, Net of Related Debt	93,363,384	51,994,219	-	145,357,603	-
Restricted for:					
Debt Service	5,952,443	3,204,414	-	9,156,857	-
Replacement and Improvement	4,000,000	2,000,000	-	6,000,000	-
Unrestricted	27,558,268	11,496,567	1,417	39,056,252	(1,770,226)
Total Net Assets	\$ 130,874,095	\$ 68,695,200	\$ 1,417	\$ 199,570,712	\$ (1,770,226)

See accompanying notes to the basic financial statements

Butler County, Ohio
Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewer	Water	GSC Parking Facility	Total	
Operating Revenues					
Charges for Services	\$ 16,464,896	\$ 16,500,238	\$ 176,084	\$ 33,141,218	\$ 11,332,499
Other Operating Revenues	482,237	175,088	-	657,325	125,822
Total Operating Revenues	16,947,133	16,675,326	176,084	33,798,543	11,458,321
Operating Expenses					
Personal Services	5,760,757	3,677,857	57,389	9,496,003	351,986
Contractual Services	4,245,086	9,679,230	16,235	13,940,551	2,700,413
Claims and Judgments	-	-	-	-	10,839,212
Materials and Supplies	651,155	449,072	2,492	1,102,719	-
Other Operating Expenses	1,287,259	460,564	4,644	1,752,467	4,517
Depreciation and Amortization Expense	6,586,981	4,994,480	-	11,581,461	-
Total Operating Expenses	18,531,238	19,261,203	80,760	37,873,201	13,896,128
Operating Income (Loss)	(1,584,105)	(2,585,877)	95,324	(4,074,658)	(2,437,807)
Non-Operating Revenues (Expenses)					
Other Non-Operating Revenues	246,911	377,168	5,308	629,387	96,543
Interest	10,355	66,787	-	77,142	-
Interest and Fiscal Charges	(3,364,724)	(3,090,187)	-	(6,454,911)	-
Other Non-Operating Expenses	-	-	-	-	(499,710)
Total Non-Operating Revenues (Expenses)	(3,107,458)	(2,646,232)	5,308	(5,748,382)	(403,167)
Income (Loss) Before Contributions and Transfers	(4,691,563)	(5,232,109)	100,632	(9,823,040)	(2,840,974)
Capital Contributions	13,809,849	8,084,628	-	21,894,477	-
Transfers Out	-	-	(119,000)	(119,000)	-
Change in Net Assets	9,118,286	2,852,519	(18,368)	11,952,437	(2,840,974)
Net Assets Beginning of Year - Restated (See Note 3)	121,755,809	65,842,681	19,785	187,618,275	1,070,748
Net Assets End of Year	\$ 130,874,095	\$ 68,695,200	\$ 1,417	\$ 199,570,712	\$ (1,770,226)

See accompanying notes to the basic financial statements

Butler County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Govt Services Center Parking Facility	Totals	
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>					
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$ 16,781,801	\$ 17,182,404	\$ 173,501	\$ 34,137,706	\$ -
Cash Paid to Suppliers	(4,567,337)	(9,970,392)	(18,735)	(14,556,464)	(2,516,777)
Cash Paid to Employees	(5,256,827)	(3,377,280)	(58,222)	(8,692,329)	(356,396)
Cash Received from Interfund Services Provided	-	-	-	-	11,303,234
Cash Payments for Interfund Services Used	(529,888)	(403,724)	-	(933,612)	-
Deposits	-	8,289	-	8,289	-
Other Operating Revenues	482,237	175,088	-	657,325	83,154
Other Operating Expenses	(1,397,493)	(439,181)	(4,644)	(1,841,318)	-
Other Non-Operating Revenues	246,911	377,168	5,308	629,387	87,845
Other Non-Operating Expenses	-	-	-	-	(499,710)
Cash Paid for Claims	-	-	-	-	(9,664,058)
Net Cash Provided by (Used for) Operating Activities	5,759,404	3,552,372	97,208	9,408,984	(1,562,708)
<u>Cash Flows from Noncapital Financing Activities:</u>					
Operating Transfers-out to Other Funds	-	-	(119,000)	(119,000)	-
Interest Paid on Judgement Bonds	-	(1,613,439)	-	(1,613,439)	-
Principal Paid on Judgement Bonds	-	(60,000)	-	(60,000)	-
Short-Term Advances from Other Funds	-	-	-	-	572,102
Net Cash Provided by (Used for) Noncapital Financing Activities	-	(1,673,439)	(119,000)	(1,792,439)	572,102
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Premium Received on General Obligation Notes	16,936	30,625	-	47,561	-
Proceeds from Sale of General Obligation Notes	3,585,000	4,830,000	-	8,415,000	-
Interest Paid on General Obligation Bonds and Notes	(107,766)	-	-	(107,766)	-
Principal Paid on General Obligation Bonds and Notes	(2,170,000)	-	-	(2,170,000)	-
Interest and Fiscal Charges on Revenue Bonds	(3,077,642)	(1,473,778)	-	(4,551,420)	-
Principal Paid on Revenue Bonds	(3,040,000)	(1,215,000)	-	(4,255,000)	-
Acquisition and Construction of Capital Assets	(7,974,476)	(5,191,427)	-	(13,165,903)	-
Capital Grants	-	215,877	-	215,877	-
Capital Contributions by Customers	7,958,313	3,368,055	-	11,326,368	-
Net Cash Used for Capital and Related Financing Activities	(4,809,635)	564,352	-	(4,245,283)	-
<u>Cash Flows from Investing Activities:</u>					
Interest and Dividends on Investments	10,355	66,788	-	77,143	-
Net Cash Provided by Investing Activities	10,355	66,788	-	77,143	-
Net Increase (Decrease) in Cash and Cash Equivalents	960,124	2,510,073	(21,792)	3,448,405	(990,606)
Cash and Cash Equivalents at Beginning of Year	30,225,208	14,272,473	26,252	44,523,933	3,252,810
Cash and Cash Equivalents at End of Year	\$ 31,185,332	\$ 16,782,546	\$ 4,460	\$ 47,972,338	\$ 2,262,204

(continued)

Butler County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003 (Continued)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Govt Services Center Parking Facility	Totals	
Reconciliation of Operating Income (Loss) to Net Income					
Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ (1,584,105)	\$ (2,585,877)	\$ 95,324	\$ (4,074,658)	\$ (2,437,807)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	6,586,981	4,994,480	-	11,581,461	-
Other Non-Operating Revenues	246,911	377,168	5,308	629,387	87,845
Other Non-Operating Expenses	-	-	-	-	(499,710)
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	319,016	610,941	-	929,957	(44,596)
(Increase) Decrease in Special Assessments Receivable	(10,331)	53,033	-	42,702	-
(Increase) Decrease in Due from Other Funds	8,190	17,290	(2,583)	22,897	(27,337)
(Increase) Decrease in Supplies Inventory	(18,390)	7,451	-	(10,939)	-
Increase (Decrease) in Prepaid Items	(4,111)	(3,954)	-	(8,065)	56,192
Decrease in Accrued Wages and Benefits	(71,383)	(92,088)	(1,154)	(164,625)	(1,095)
Increase (Decrease) in Accounts Payable	20,336	(75,467)	(8)	(55,139)	4,517
Increase in Contracts Payable	74,641	44,334	-	118,975	49
Increase in Retainage Payable	140,240	7,214	-	147,454	-
Increase (Decrease) in Compensated Absences Payable	42,133	(10,212)	284	32,205	(4,392)
Increase in Due to Other Funds	39,967	27,694	37	67,698	1,028
Increase (Decrease) in Due to Other Governments	(30,691)	172,076	-	141,385	127,444
Increase in Claims Payable	-	-	-	-	1,175,154
Increase in Refundable Deposits	-	8,289	-	8,289	-
Total Adjustments	7,343,509	6,138,249	1,884	13,483,642	875,099
Net Cash Provided by (Used for) Operating Activities	\$ 5,759,404	\$ 3,552,372	\$ 97,208	\$ 9,408,984	\$ (1,562,708)

Non-Cash capital and related financing activities:

Developers during the year donated \$5,496,667 of sewer lines to the sewer fund.
Developers during the year donated \$3,841,669 of water lines to the water fund.
Capital assets donated from other governments of \$354,869 in the sewer fund.
Capital assets donated from other governments of \$659,027 in the water fund.
Cash and cash equivalents at end of year included restricted cash of \$6,197,768 in the sewer fund.
Cash and cash equivalents at end of year included restricted cash of \$3,336,849 in the water fund.

See accompanying notes to the basic financial statements

Butler County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2003

Assets	
Equity Pooled in Cash and Cash Equivalents	\$ 20,677,747
Cash and Cash Equivalents in Segregated Accounts	3,213,563
Investments in Segregated Accounts	400,000
Taxes Receivable	292,802,509
Special Assessments Receivable	21,315,756
Due from Other Governments	15,849,155

Total Assets \$ 354,258,730

Liabilities	
Undistributed Monies	\$ 3,259,608
Deposits Held and Due to Others	7,204,555
Due to Other Governments	343,677,022
Loans Payable	117,545

Total Liabilities \$354,258,730

See accompanying notes to the basic financial statements

NOTE 1 REPORTING ENTITY AND BASIS OF PRESENTATION

REPORTING ENTITY

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

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

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

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

Discretely Presented Component Unit

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

Miami Valley Industries, Incorporated

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

REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

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

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

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

Butler County General Health District

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

Butler County Soil and Water Conservation District

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

Butler County Solid Waste Planning District

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

Metroparks of Butler County

The District Commissioners are appointed by the Probate Judge of the County. The Commissioners adopt their own budget, authorize expenditures, hire and fire staff, and do not rely on the County to finance deficits. The County is not financially accountable for the District nor is the District financially dependent on the County. The District serves as its own taxing and debt issuance authority and is a related organization of the County. The District did not receive any funding from the County during 2003.

Twelfth District Court of Appeals

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

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

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

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

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

Children Services Board - This fund accounts for the countywide tax levy, and various federal and state grants used to provide public assistance.

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

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

Road Improvements - This fund accounts for roadway construction and improvements in Butler County.

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

Proprietary Funds

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

Enterprise Funds

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

Sanitary Sewer

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Water Distribution

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

Government Services Center (GSC) Parking Facility

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

Internal Service Funds

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

Fiduciary Funds

The County's only fiduciary funds are agency funds. Agency funds are used to report resources held by the County in a purely custodial capacity. The County's agency funds are primarily established to account for the collection of various taxes, receipts and fees and to account for funds of the County General Health District, Soil and Water Conservation District, Emergency Management and Metroparks.

Component Units

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

MEASUREMENT FOCUS

Government-Wide Financial Statements

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

Fund Financial Statements

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

BASIS OF ACCOUNTING

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

Revenues – Exchange and Non-Exchange Transactions

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

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2003, but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met, are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on the decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

Cash resources of the majority of individual funds are combined to form a pool of cash and investments, which is managed by the County Treasurer. Interest earned on investments is distributed to the General Fund, except as stipulated by the Ohio Constitution or State statute. During fiscal year 2003, investments were limited to Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, U.S. Bank Money Market Public Mutual Fund, Student Loan Marketing Association and STAROhio. Investments are reported at fair value, which is based on quoted market prices, with the exception of certificates of deposit, which are reported at cost. The fair value of the mutual fund is determined by the fund's December 31, 2003, share price. Note 4 provides a detailed disclosure regarding cash, cash equivalents and investments held by the County. STAROhio is an investment pool managed by the State Treasurers Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2003.

Interest revenue credited to the General Fund during 2003 amounted to \$2,707,335 which includes \$2,511,030 assigned from other County funds.

Cash and Investments in Segregated Accounts

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

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

Statement of Cash Flows

Funds included within the Treasurer's cash management pool and Investments in segregated accounts (including restricted trustee and retainage accounts) with original maturities of 3 months or less when purchased are considered to be cash equivalents.

Cash and Cash Equivalents Held with Fiscal Agents

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

Inventories and Prepaid Items

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Interfund Transactions

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

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

Restricted Assets

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

Replacement and improvement restricted cash in the sewer and water funds were \$4,000,000 and \$2,000,000 respectively. The construction accounts are established to pay project construction costs.

Capital Assets

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

Compensated Absences

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

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

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

Self Insurance

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued Liabilities and Long-term Obligations

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

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

Fund Balance Reserves

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

Net Assets

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

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

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

Operating Revenues and Expenses

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

Contributions of Capital

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity

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

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

Bond Discounts/Premiums

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

Estimates

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

Budgets

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

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

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

BUDGETARY BASIS OF ACCOUNTING

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

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

NET CHANGE IN FUND BALANCE

	General	Mental Retardation	Job and Family Services	Children Services Board
GAAP Basis	\$ (1,857,660)	\$ (964,426)	\$ (334,750)	\$ (222,288)
Adjustments:				
Revenue Accruals	(634,949)	(636,555)	978,429	691,165
Expenditure Accruals	1,529,695	157,242	(322,216)	(393,785)
Encumbrances	(387,688)	(1,057,917)	(1,430,723)	(163,210)
Prepalds	36,499	(54,363)	(21,521)	(55,259)
Principal Retirement	(1,801,425)	-	-	-
Interest on Debt	(2,292,460)	-	-	-
Net Decrease in Fair Value of Investment	489,032	-	-	-
Advances	(94,755)	-	-	-
Operating Transfers	3,844,350	-	-	-
Proceeds of Notes	355,000	-	-	-
Budget Basis	\$ (814,361)	\$ (2,556,019)	\$ (1,130,781)	\$ (143,377)

NOTE 3 ACCOUNTABILITY AND ACCOUNTING CHANGES

ACCOUNTABILITY:

The following funds had deficit fund balances as of December 31, 2003:

SPECIAL REVENUE FUNDS:

All Other Health	\$ 73,322
All Other Human Services	18,102

CAPITAL PROJECTS FUNDS:

Buildings Construction and Renovations	\$ 3,073,506
Capital Improvement	65,089
Stormwater Management Study	285,988
Road Improvement	1,089,567
Technology	3,280,903

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

ACCOUNTABILITY AND ACCOUNTING CHANGES (continued)

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

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

The Mental Health Special Revenue fund of the County, as of the adoption of the initial appropriation measure adjusted for the completed initial budget, was legally over-appropriated. The amount of appropriations as of the adoption of the initial budget exceeded the amount of unencumbered cash and cash equivalents carried forward from 2002 plus the initial estimated revenue of the fund. Management is continually monitoring and adjusting these appropriations throughout the year and continues to monitor this and all other funds closely.

This budgetary non-compliance was rectified by adjusting the amount of appropriations available within the individual fund by resolutions adopted by the Board of County Commissioners. No budgetary non-compliance existed as of December 31, 2003.

RESTATEMENT OF FUND EQUITY

The restatement is due to the correction of prior year errors that had the following effect on the fund balances of major and non major funds of the County as they were previously reported.

GOVERNMENTAL FUNDS – RESTATEMENT

	<u>GENERAL</u>	<u>NONMAJOR</u>
Fund Balance at December 31, 2002	\$ 15,322,549	\$ 17,530,477
Cash and Cash Equivalents in segregated	3,299	3,970
Cash and Cash Equivalents with Fiscal Agent	-	50,105
Advances to Other Funds	183,000	-
Advances from Other Funds	-	(183,000)
Adjusted Fund Balance at December 31, 2002	<u>\$15,508,848</u>	<u>\$ 17,401,552</u>

GOVERNMENTAL ACTIVITIES FUNDS – RESTATEMENT

Net Asset balance at December 31, 2002	\$ 348,018,485
Cash and Cash Equivalents in Segregated	7,269
Cash and Cash Equivalents with Fiscal Agent	50,105
Advances to Other Funds	183,000
Advances from other Funds	(183,000)
Special Assessments	(669,589)
Non Depreciable Capital Assets	689,562
Deferred Charges	<u>444,293</u>
Adjusted Fund Balance at December 31, 2002	<u>\$ 348,540,125</u>

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

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

	SEWER	WATER	GSC PARKING GARAGE	TOTAL
Fund Equity at December 31, 2002	\$ 121,183,080	\$ 64,366,074	\$ 19,685	\$ 185,568,839
Restricted Cash with Fiscal Agent	(108,565)	208,914	-	100,349
Cash and Cash Equivalents in Segregated	250	250	100	600
Deferred Charges	192,304	(49,655)	-	142,649
Depreciable Capital Assets	86,600	449,193	-	535,793
Special Assessments Receivable	402,140	845,186	-	1,247,326
Accounts Receivable	-	22,719	-	22,719
Restated Net Assets at December 31, 2002	\$ 121,755,809	\$ 65,842,681	\$ 19,785	\$ 187,618,275

NOTE 4 DEPOSITS AND INVESTMENTSCASH

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

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

1. United States treasury notes, bills, bonds, or any other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association and student loan marketing association. All federal securities shall be direct issuance of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the county;
5. Time certificates of deposit or savings or deposit accounts including but, not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible constitution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

DEPOSITS AND INVESTMENTS (continued)

10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

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

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

Cash on Hand: At year end, the County had \$12,369 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents."

DEPOSITS

At year end, the carrying amount of the County's deposits was \$22,224,585 and the bank balance was \$29,919,498. Of the bank balance \$1,467,190 was covered by federal depository insurance. The remaining amounts are classified as uninsured and uncollateralized as defined by GASB Statement No. 3 entitled "Deposits with Financial Institutions, Investments and Reserve Repurchase Agreements."

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

INVESTMENTS

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

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

	Category 3	Fair Value
Federal Farm Credit Bank	\$ 6,950,995	\$ 7,049,624
Federal Home Loan Bank	26,037,160	26,151,113
Federal Home Loan Mortgage	29,554,940	29,761,730
Federal National Mortgage Association	19,245,680	19,271,965
Student Loan Marketing Association	3,000,000	2,993,100
Money Market Mutual Fund	-	13,692,432
STAROhio	-	9,722,600
Totals	\$ 84,788,775	\$ 108,642,564

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

DEPOSITS AND INVESTMENTS (continued)

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 130,479,518	\$ 400,000
Cash on Hand	(12,369)	-
Investments:		
Certificates of Deposit	400,000	(400,000)
Federal Farm Credit Bank	(7,049,624)	7,049,624
Federal Home Loan Bank	(26,151,113)	26,151,113
Federal Home Loan Mortgage Corporation	(29,761,730)	29,761,730
Federal National Mortgage Association	(19,271,965)	19,271,965
Student Loan Marketing Association	(2,993,100)	2,993,100
Money Market Mutual Fund	(13,692,432)	13,692,432
STAROhio	(9,722,600)	9,722,600
GASB Statement No. 3	<u>\$ 22,224,585</u>	<u>\$108,642,564</u>

NOTE 5 PROPERTY TAXES

Property taxes include amounts levied against real, public utility, and tangible personal property. The assessed value by property classification upon which the 2003 collection year was based is as follows:

Real Property	\$ 6,243,237,390
Tangible Personal Property	724,768,577
Public Utility Personal Property	258,533,610
Total	<u>\$ 7,226,539,577</u>

Ohio law prohibits taxation of property by all overlapping taxing authorities in excess of 10 mills per dollar of assessed value without a vote of the people. Presently, the County levies 1.92 mills of this 10 mill limit. In addition to the 1.92 mills, voted levies in the amount of 6.82 mills have been approved for the Children Services Board, Mental Health Board, Mental Retardation Board, Senior Citizens Services and Miami Conservancy. A summary of voted levies follows:

Purpose	Voter Levy Date	Final Authorized Rate	Current R/A	Year C/I	Levy Year
Mental Retardation Board I	1994	0.50	0.13	0.22	2003
Mental Retardation Board II	1994	0.50	0.22	0.29	2003
Mental Retardation Board II	2000	2.00	1.70	1.90	Continuing
Mental Health Board	1994	0.50	0.24	0.30	2004
Children Services Board	2003	2.00	1.99	2.00	2008
Miami Conservancy	1976	0.02	.02	.02	Continuing
Senior Citizens	2001	1.30	1.12	1.23	2005
Total		<u>6.82</u>	<u>5.42</u>	<u>5.96</u>	

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

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

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

PROPERTY TAXES (continued)

established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The most recent update was completed during 2001 and new values resulting from the county-wide appraisal were effective January 1, 2002 payable in 2003. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable June 20, unless extended.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values as of December 31, of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value for capital assets and 23 percent of true value for inventory.

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

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

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2003 and for which there is an enforceable legal claim. In the General, Mental Health, Mental Retardation, Elderly Services and Children Services Funds the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2003 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 6 PERMISSIVE SALES TAX

In 2003, \$17,182,889 of permissive sales tax was received into the General Fund based upon a permanent one-half percent tax on all retail sales made in the County. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

NOTE 7 RECEIVABLES

Receivables at December 31, 2003, consisted of taxes, unpaid utilities, loans, notes, special assessments, interfund receivables, interest and intergovernmental receivables arising from grants, entitlements, and shared revenues. Loans receivable represent low-interest loans for development projects and home improvements granted to eligible County residents and businesses under the Federal Community Development Block Grant Program. The loans bear interest at annual rates between two and five percent. The loans are to be repaid over periods ranging from two to five years. All receivables are considered collectable in full, including accounts receivable which, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Special assessments and Tax Incremental Financing receivables expected to be collected in more than one year for the County amount to \$24,719,302. The County has \$101,835 in delinquent special assessments and Tax Incremental Financing at December 31, 2003.

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

RECEIVABLES (continued)

A summary of the principal items of Intergovernmental receivables follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Amount</u>
Indigent Defense Reimbursement	\$ 363,041
Motor Vehicle License Tax	3,679,599
Local Government	3,000,928
Permissive Sales Tax	2,714,749
Metropark Construction	2,297,097
Motor Vehicle Permissive Tax	211,170
Boarding of Prisoners	979,440
Gasoline Tax	851,448
Court Fines & Fees	57,286
Election Expenses	156,671
CSEA Poundage	91,263
Lunch, Milk & Breakfast Grant	31,014
Gun Control Grant	13,594
Prison Diversion Grant	358,303
Jail Diversion Grant	53,236
CBCF Subsidy	1,426,812
Community Corrections Grant	718,341
Felony Delinquent Care & Custody Grant	270,687
Victims of Crime	82,411
Core Over/Under Grant	2,411,844
Entitlement	2,723,985
LPA Grants	200,616
Medicaid/Medicare	1,381,798
Adolescent Continuing Care	104,200
TASC Program	80,137
Heartland Family Center	154,007
Federal Per Capita	496,254
State Per Capita	233,818
Family Drug Court	40,125
Adolescent Treatment Initiative	40,337
Prenatal Project	40,311
Comprehensive Conflict Management	40,625
Community Plan Block Grant	42,788
OMAP Block Grant	90,000
Title XX	110,435
State 505 Subsidy	1,146,951
State 408 Flex Subs	2,574,970
State 401 Subsidiary	86,628
Waiver Administration	46,279
Title VI-B	101,341
Title XIX	1,800,626
Preschool ECSE	89,527
Welfare To Work	854,001
Public Assistance	13,777,792
State Child Allocation	318,820
Rent (OBES)	20,478
Tax Incremental Financing	5,376,822
Twelfth District Court Reimbursements	306,032
All Other	<u>350,364</u>
TOTAL GOVERNMENTAL ACTIVITIES	\$ <u>52,399,001</u>
 <u>AGENCY FUND ACTIVITIES</u>	
Local Government	\$ 14,103,771
Motor Vehicle License Tax	1,114,464
Permissive Tax	132,254
Gasoline Tax	489,983
Court Fines and Fees	<u>8,683</u>
TOTAL AGENCY FUND ACTIVITIES	<u>15,849,155</u>
 GRAND TOTAL	 \$ <u>68,248,156</u>

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

NOTE 8 CAPITAL ASSETS

Primary Government Capital asset activity for the year ended December 31, 2003, was as follows:

	Restated Balance 12/31/02	Additions	Deletions	Balance 12/31/03
Governmental Activities				
Nondepreciable Capital Assets:				
Land	\$ 6,524,883	\$ 1,006,569	\$ 0	\$ 7,531,452
Infrastructure:				
Roads	153,455,939	107,288	0	153,563,227
Bridges	64,796,053	0	0	64,796,053
Culverts	14,409,881	0	0	14,409,881
Construction in Progress	1,174,200	4,095,083	(3,027,030)	2,242,253
Total Nondepreciable Capital Assets	240,360,956	5,208,940	(3,027,030)	242,542,866
Capital Assets being depreciated:				
Land Improvements	6,820,197	0	0	6,820,197
Building and Improvements	120,858,939	931,919	0	121,790,858
Furniture, Fixtures and Equipment	23,103,554	858,638	0	23,962,192
Vehicles	7,885,162	676,859	(112,449)	8,449,572
Total Depreciable Capital Assets	158,667,852	2,467,416	(112,449)	161,022,819
Less Accumulated Depreciation for:				
Land Improvements	(959,867)	(157,033)	0	(1,116,900)
Building and Improvements	(22,889,010)	(3,578,864)	0	(26,467,874)
Furniture, Fixtures and Equipment	(4,604,081)	(2,005,000)	0	(6,609,081)
Vehicles	(5,299,587)	(725,965)	112,449	(5,913,103)
Total Accumulated Depreciation	(33,752,545)	(6,466,862)	112,449	(40,106,958)
Total Depreciable Capital Assets, Net	124,915,307	(3,999,446)	0	120,915,861
Total Governmental Activities Capital Assets, Net	\$ 365,276,263	\$ 1,209,494	\$ (3,027,030)	\$ 363,458,727
Business-Type Activities				
Nondepreciable Capital Assets:				
Land	\$ 983,360	\$ 126,050	\$ 0	\$ 1,109,410
Construction in Progress	43,538,033	13,122,554	(29,815,286)	26,845,301
Total Nondepreciable Capital Assets	44,521,393	13,248,604	(29,815,286)	27,954,711
Capital Assets being depreciated:				
Land Improvements	1,723,010	1,129,099	0	2,852,109
Building and Improvements	47,182,738	10,734,727	0	57,917,465
Furniture, Fixtures and Equipment	32,004,952	10,533,437	0	42,538,389
Vehicles	1,880,197	62,609	0	1,942,806
Water and Sewer Mains	197,359,198	17,393,724	0	214,752,922
Total Depreciable Capital Assets	280,150,095	39,853,596	0	320,003,691
Less Accumulated Depreciation for:				
Land Improvements	(727,721)	(95,856)	0	(823,577)
Building and Improvements	(10,838,843)	(1,859,707)	0	(12,698,550)
Furniture, Fixtures and Equipment	(16,744,016)	(2,562,806)	0	(19,306,822)
Vehicles	(1,586,211)	(102,620)	0	(1,688,831)
Water and Sewer Mains	(58,861,845)	(5,219,937)	0	(64,081,782)
Total Accumulated Depreciation	(88,758,636)	(9,840,926)	0	(98,599,562)
Total Depreciable Capital Assets, Net	191,391,459	30,012,670	0	221,404,129
Total Business-Type Activities Capital Assets, Net	\$ 235,912,852	\$ 43,261,274	\$ (29,815,286)	\$ 249,358,840

CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	
Legislative and Executive	\$ 2,223,060
Judicial	381,436
Public Safety	2,313,698
Public Works	573,150
Health	
Mental Health	7,622
Mental Retardation and Developmental Disabilities	688,046
Other Health	16,362
Human Services	
Children Services Board	78,835
County Care Facility	73,727
Job and Family Services	48,928
Other Human Services	61,998
Total Depreciation Expense-Governmental Activities	<u>\$ 6,466,862</u>

NOTE 9 RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; damage to, theft of, or destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2003 the County contracted with County Risk Sharing Authority Inc. (CORSA) (a risk sharing pool - see Note 20) for liability, property, and crime damage. Coverage provided by the pool is as follows:

Property

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

Liability

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

Crime

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

Boiler and Machinery

100,000,000

Deductible

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

Settled claims have not exceeded coverage in any of the last three years. The County has had no reduction in coverage in 2003.

The County has elected to provide health care benefits for its employees through a self-insured program. Premiums are paid into an internal service fund by all funds having compensated employees, calculated solely on the demographics of the group. The monies paid into the Employee Health Benefit internal service fund are available to pay claims, claim reserves, and administrative costs. The plan is administered by an outside firm who monitors all claim payments. Health insurance claims payable at December 31, 2003 amounted to \$1,204,259. The full amount of the claims liability is expected to be paid within one year.

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

RISK MANAGEMENT (continued)

The County has workers' compensation coverage for all employees. The merit-rated premium for workers' compensation for the calendar year 2003 would have been approximately \$1,173,510. Based on that, the minimum premium percentage due would be \$249,166 (21%) with maximum aggregate liability, at the 200% stop-loss level, equal to \$2,347,020. The County's year end liability for unpaid claims costs was \$2,727,181, with \$454,571 payable within one year. The County maintains a retrospective rating plan for workers' compensation insurance. (See Note 2).

The County has a self-insurance internal service fund to account for its workers' compensation self-insured activity. Claims, liabilities and expenses are estimated through a case by case review of all claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The historical changes in claims payable during years December 31, 2002 and 2003 are:

	Beginning of Year Liability	Current Year Claims And Changes in Estimates	Claims Payments	End of Year Liability
2002	2,015,667	923,901	183,282	2,756,286
2003	2,756,286	10,839,212	9,664,058	3,931,440

NOTE 10 CAPITAL LEASES

During 2003 and in prior years, the County has entered into capitalized leases for a modular facility and two buses. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as a debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as program expenditures in the budgetary statements.

General capital assets consisting of buildings and vehicles have been capitalized in the amount of \$159,415. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2003 totaled \$23,916 in the governmental funds.

Asset:	Asset Value	Accumulated Depreciation	Net Book Value
Modular Facility	\$ 87,215	\$2,813	\$ 84,402
Buses	72,200	-	72,200
Totals	\$159,415	\$2,813	\$156,602

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2003:

Year	Amount
2004	\$ 36,982
2005	36,982
2006	36,982
2007	36,982
2008	4,151
TOTAL	\$ 152,079
Less Amount Representing Interest	(18,279)
Present Value of Net Minimum Lease Payments	\$ 133,800

NOTE 11 DEFINED BENEFIT PENSION PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

The County participates in the Ohio Public Employees Retirement Systems (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2003, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The County's contribution rate for pension benefits for 2003 was 8.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 11.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002 and 2001 were \$6,899,090, \$6,802,619, and \$7,047,493 respectively; 92 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were \$83,513 made by the County and \$52,389 made by the plan members.

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Certified teachers employed by the school for Mental Retardation and Developmental Disabilities participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

DEFINED BENEFIT PENSION PLANS (continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the year ended December 31, 2003 plan members were required to contribute 9.3 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2003, 2002, and 2001 were \$252,644, \$166,726, and \$179,912, respectively; 94.76 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$3,577 made by the County and \$3,168 made by the plan members.

NOTE 12 POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$3,897,711. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

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

POSTEMPLOYMENT BENEFITS (continued)

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

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS Ohio). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Benefits are funded on a pay-as-you-go basis.

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Ohio allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$18,415 for the fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance of the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS Ohio had 105,300 eligible benefit recipients.

NOTE 13 OTHER EMPLOYEE BENEFITS

COMPENSATED ABSENCES

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

HEALTH CARE BENEFITS

Dental insurance is provided to all employees as a function of the health care plan through the Metropolitan Insurance Company.

NOTE 14 DEFEASANCE OF REVENUE BONDS

IN-SUBSTANCE DEFEASANCE OF WATERWORKS REVENUE BONDS

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

Name of Revenue Bond Issues	Original Issue	Unmatured and Unpaid at December 31, 2003
Madison-Wayne Township Sewer District-Dated June 1, 1964	\$ 350,000	\$ 19,000
Greater Eastern Union Township Series A-Dated December 1, 1964	250,000	-
Eastern Union Township Sewer District Dated April 1, 1964	900,000	-
Fairfield Liberty Sewer District Number 2-Dated April 1, 1968	525,000	145,000

NOTE 15 LONG-TERM OBLIGATIONS

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

GOVERNMENTAL ACTIVITIES

GENERAL OBLIGATION BONDS

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due in One Year
1996	Various Purpose	4.000 - 4.800%	\$ 7,795,000	\$ 6,360,000	\$ -	\$ (315,000)	\$6,045,000	\$ 330,000
1997	Gov't Services Center	4.000 - 5.000%	8,915,000	8,030,000	-	(320,000)	7,710,000	335,000
2002	Adult Detention Facility	1.430 - 5.250%	29,875,000	29,875,000	-	(820,000)	29,055,000	1,060,000
2003	Fiber Optic Ring	1.430 - 5.250%	2,745,000	2,745,000	-	(75,000)	2,670,000	95,000
Sub-total General Obligation Bonds				\$47,010,000	\$ -	\$(1,530,000)	\$45,480,000	\$ 1,820,000
Add: Deferred Amounts for Premium Amortization on the 2002 Adult Detention Facility Bond				1,980,937	-	(99,046)	1,881,891	-
Add: Deferred Amounts for Premium Amortization on the 2002 Fiber Optic Ring Bond				182,524	-	(9,126)	173,398	-
Total General Obligation Bonds				\$49,173,461	\$ -	\$(1,638,172)	\$47,535,289	\$ 1,820,000

SALES TAX BONDS

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due in One Year	
1997	Govt. Svcs. Center	4.000 - 5.000%	\$28,730,000	\$25,925,000	\$ -	\$(1,035,000)	\$24,890,000	\$ 1,080,000	
Total Sales Tax Bonds				\$28,730,000	\$25,925,000	\$ -	\$(1,035,000)	\$24,890,000	\$ 1,080,000

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

LONG-TERM OBLIGATIONS (continued)**SPECIAL ASSESSMENT BONDS**

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due in One Year
1983	1983 Water and Sewer	9.500%	\$ 172,000	\$ 10,000	\$ -	\$ (10,000)	\$ -	\$ -
1984	1984 Sewer	10.000%	57,681	6,000	-	(3,000)	3,000	3,000
1985	1985 Water and Sewer	9.125%	640,000	95,000	-	(30,000)	65,000	35,000
1986	1986 Water System	8.000%	40,964	8,000	-	(2,000)	6,000	2,000
1988	1988 Water System	7.750%	55,040	17,000	-	(3,000)	14,000	2,000
1989	1989 Water System	7.375%	90,369	40,000	-	(5,000)	35,000	5,000
1992	1992 Cox Road	3.150 - 6.400%	560,000	315,000	-	(30,000)	285,000	35,000
1992	1992 Beacon Pt. Sewer	3.150 - 6.400%	435,000	245,000	-	(25,000)	220,000	25,000
1992	1992 Greencrest Sewer	3.150 - 6.400%	300,000	170,000	-	(15,000)	155,000	20,000
1994	Wetherington Infrastructure	4.000 - 6.250%	2,045,000	1,500,000	-	(90,000)	1,410,000	95,000
1995	Tyler's Place Boulevard	3.100 - 4.900%	810,000	285,000	-	(90,000)	195,000	95,000
1996	Union Centre Boulevard	4.000 - 5.800%	300,000	140,000	-	(30,000)	110,000	35,000
2000	Mulhauser	4.350 - 5.650%	6,860,000	6,400,000	-	(275,000)	6,125,000	285,000
2000	Lakota Drive	4.350 - 5.650%	355,000	335,000	-	(10,000)	325,000	15,000
2000	Union Centre	4.350 - 5.650%	1,045,000	985,000	-	(35,000)	950,000	35,000
2001	Union Centre Project Phase 1 and 3	2.400 - 5.100%	3,045,000	2,980,000	-	(110,000)	2,850,000	110,000
Total Special Assessment Bonds				\$13,511,000	\$ -	\$ (763,000)	\$12,748,000	\$ 797,000

OPWC (OHIO PUBLIC WORKS COMMISSION) LOANS

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due in One Year
1998	Mulhauser	2.0%	\$ 1,811,520	\$ 1,103,476	\$ -	\$ (78,531)	\$ 1,024,945	\$ 80,110
Total OPWC Loans				\$ 1,103,476	\$ -	\$ (78,531)	\$ 1,024,945	\$ 80,110

LONG TERM NOTES

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due in One Year
2003	CSB Expansion	2.00%		\$ 2,310,000	\$ 2,155,000	\$(2,310,000)	\$ 2,155,000	\$ 2,155,000
2003	Juvenile Detention Expansion A	2.00%		1,480,000	1,480,000	(1,480,000)	1,480,000	1,480,000
2003	Computers / Software	2.00%		3,585,000	3,630,000	(3,585,000)	3,630,000	3,630,000
2003	Airport Construction	1.50%		2,030,000	2,030,000	(2,030,000)	2,030,000	2,030,000
2003	Symmes Road Construction	2.02%		2,060,000	2,090,000	(2,060,000)	2,090,000	2,090,000
2003	Metroparks Construction	1.50%		-	2,800,000	-	2,800,000	2,800,000
2003	Building Remodel 301 South Third Street	1.50%		-	300,000	-	300,000	300,000
Total Long Terms Notes				\$11,465,000	\$14,485,000	\$(11,465,000)	\$14,485,000	\$14,485,000

OTHER PAYABLES

Description	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due in One Year
Capital Leases Payable	\$ 85,516	\$ 72,200	\$ (23,916)	\$ 133,800	\$ 29,517
Compensated Absences Payable	5,473,944	4,870,626	(4,655,598)	5,688,972	2,158,128
Total Other Payables	\$ 5,559,460	\$ 4,942,826	\$(4,679,514)	\$ 5,822,772	\$ 2,187,645

TOTAL GOVERNMENTAL ACTIVITIES

Description	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due in One Year
Total Governmental Activities	\$106,737,397	\$19,427,826	\$(19,659,217)	\$106,506,006	\$20,449,755

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

LONG-TERM OBLIGATIONS (continued)**BUSINESS TYPE ACTIVITIES****GENERAL OBLIGATION BONDS**

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due In One Year
1986	Sanitary Sewer	7.13%	\$4,500,000	\$ 912,784	\$ -	\$ (225,000)	\$ 687,784	\$ 225,000
	Add: Deferred Amounts For Premium Amortization on The 1986 Sanitary Sewer			5,584	-	(1,598)	3,986	-
Total General Obligation Bonds				\$ 918,368	\$ -	\$ (226,598)	\$ 691,770	\$ 225,000

WATER JUDGEMENT BONDS

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due In One Year
2002	Water Judgement Bonds	1.550 - 5.250%	\$35,030,000	\$35,030,000	\$ -	\$ (60,000)	\$34,970,000	\$ 250,000
	Add: Deferred Amounts For Premium Amortization on The 2002 Water Judgement Bond			522,419	-	(21,767)	500,652	-
Total Water Judgement Bonds				\$35,552,419	\$ -	\$ (81,767)	\$35,470,652	\$ 250,000

REVENUE BONDS

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due In One Year
1996	Water	3.60 - 5.45%	\$17,670,000	\$15,085,000	\$ -	\$ (495,000)	\$14,590,000	\$ 515,000
1999	Water	3.00 - 5.00%	17,140,000	14,985,000	-	(720,000)	14,265,000	745,000
Sub-total Water				\$30,070,000	\$ -	\$ (1,215,000)	\$28,855,000	\$ 1,260,000
1992	Sewer	6.10%	8,950,000	455,000	-	(455,000)	-	-
1996	Sewer	3.50 - 5.70%	16,645,000	14,275,000	-	(460,000)	13,815,000	480,000
1997	Sewer	4.00 - 5.25%	2,380,000	1,990,000	-	(95,000)	1,895,000	95,000
1998	Sewer	4.00 - 5.25%	23,050,000	21,725,000	-	(995,000)	20,730,000	1,515,000
1999	Sewer	3.20 - 5.10%	28,160,000	25,260,000	-	(1,035,000)	24,225,000	1,075,000
Sub-total Sewer				\$63,705,000	\$ -	\$ (3,040,000)	\$60,665,000	\$3,165,000
Less: Deferred Amounts for Issuance Discounts on The 1992 Sewer Bond				(1,685)		1,685		
Total Sewer				\$63,703,315	\$ -	\$ (3,038,315)	\$60,665,000	3,165,000
Total Revenue Bonds				\$93,773,315	\$ -	\$ (4,253,315)	\$89,520,000	\$4,425,000

LONG TERM NOTES

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due In One Year
2003	Water System Improvements	2.00%	\$ 4,830,000		\$ 4,830,000		\$ 4,830,000	\$ 4,830,000
Total Long Terms Notes				\$ 4,830,000	\$ 4,830,000		\$ 4,830,000	\$ 4,830,000

OTHER PAYABLES

Description	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due In One Year
Compensated Absences Payable	\$ 541,209	\$ 719,225	\$ (687,020)	\$ 573,414	\$ 214,794
Total Other Payables	\$ 541,209	\$ 719,225	\$ (687,020)	\$ 573,414	\$ 214,794

TOTAL BUSINESS TYPE ACTIVITIES

Description	Balance 1/01/03	Additions	Reductions	Balance 12/31/03	Amount Due In One Year
Total Business Type Activities	\$130,785,311	\$5,549,225	(\$5,248,700)	\$131,085,836	\$9,944,794

LONG TERM OBLIGATIONS (continued)

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

LONG-TERM OBLIGATIONS (continued)

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

	Special Assessment Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2004	\$ 797,000	\$ 653,194	\$ 2,045,000	\$ 2,190,109
2005	835,000	614,254	2,100,000	2,116,188
2006	730,000	573,008	2,165,000	2,039,572
2007	713,000	537,361	2,000,000	1,959,998
2008	763,000	501,833	2,095,000	1,865,768
2009-2013	3,995,000	1,904,128	12,107,784	7,731,375
2014-2018	4,060,000	859,854	13,840,000	4,607,388
2019-2022	855,000	84,205	9,815,000	1,221,913
	\$ 12,748,000	\$ 5,727,837	\$ 46,167,784	\$ 23,732,311

	Sales Tax Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2004	\$ 1,080,000	\$ 1,204,443	\$ 4,425,000	\$ 4,355,066
2005	1,125,000	1,156,383	4,615,000	4,168,456
2006	1,175,000	1,105,758	4,820,000	3,969,668
2007	1,230,000	1,052,295	5,020,000	3,758,906
2008	1,285,000	995,715	5,250,000	3,536,078
2009-2013	7,405,000	4,006,475	27,915,000	13,755,025
2014-2018	9,415,000	2,001,500	25,285,000	7,159,794
2023-2026	2,175,000	108,750	12,190,000	1,226,104
	\$ 24,890,000	\$ 11,631,139	\$ 89,520,000	\$ 41,929,097

	Judgement Bonds		OPWC	
	Principal	Interest	Principal	Interest
2004	\$ 250,000	\$ 1,612,509	\$ 80,110	\$ 20,100
2005	430,000	1,608,009	81,720	18,490
2006	615,000	1,598,334	83,363	16,848
2007	815,000	1,582,344	85,039	15,182
2008	1,010,000	1,558,709	86,748	13,463
2009-2013	6,345,000	7,110,074	460,605	40,447
2014-2018	7,910,000	5,625,988	147,360	2,957
2019-2023	10,185,000	3,362,363	-	-
2024-2026	7,410,000	714,875	-	-
	\$ 34,970,000	\$ 24,773,205	\$ 1,024,945	\$ 127,487

INDUSTRIAL DEVELOPMENT REVENUE BONDS

The County has issued industrial development revenue bonds (in the aggregate outstanding principal amount of \$10,965,000 at December 31, 2003) for facilities used by private corporations or other entities. The County is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the County's debt presentation. There has not been and is not any condition of default under the bonds or the related financing documents.

HOSPITAL REVENUE BONDS

Prior to 1999, the County has served as the issuer of \$76,230,000 in hospital revenue bonds. The proceeds were used to acquire, construct, improve and equip hospital facilities. The hospital revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the County. Neither is the full faith and credit or taxing power of the County pledged to make repayment. The amount of revenue bonds outstanding at December 31, 2003 was \$101,750,000.

LEGAL DEBT MARGIN

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

The effects of the debt limitations described above at December 31, 2003 are an overall debt margin of \$147,028,489 and unvoted debt margin of \$39,367,396.

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

NOTE 16 SHORT-TERM OBLIGATIONS

A summary of the note transactions for the year ended December 31, 2003 follows:

Governmental	Annualized Rate	Balance 1/01/03	Issued	Retired	Balance 12/31/03
General					
Road Improvement TID Series A	2.00%	\$ 380,000	\$ 355,000	\$ 380,000	\$ 355,000
Special Revenue					
Road Improvement	2.00%	760,000	675,000	760,000	675,000
Capital Projects					
SR 122 Expansion	2.00%	510,000	450,000	510,000	450,000
Highway Construction	2.00%	680,000	595,000	680,000	595,000
Middletown Mall	2.00%	3,050,000	3,050,000	3,050,000	3,050,000
Computers/Software	2.00%	350,000	353,500	350,000	353,500
Fiber Optic Ring (2)	1.12%	2,525,000	2,565,000	2,525,000	2,565,000
Fiber Optic Ring (3)	1.12%	500,000	505,000	500,000	505,000
Stormwater Management	2.00%	505,000	515,000	505,000	515,000
County Admin Roof Repair	2.00%	150,000	151,500	150,000	151,500
Old Sheriff Building Repair	2.00%	-	100,000	-	100,000
Voice of America TIF	2.00%	8,080,000	8,225,000	8,080,000	8,225,000
Fairfield Township TIF I	2.00%	3,375,000	3,375,000	3,375,000	3,375,000
Fairfield Township TIF II	2.00%	2,220,000	2,260,000	2,220,000	2,260,000
Liberty Township TIF	2.00%	-	2,005,000	1,000,000	1,005,000
Business Type					
Voice of America TIF	2.00%	1,945,000	1,835,000	1,945,000	1,835,000
Venice Gardens Sewer	2.00%	-	1,350,000	-	1,350,000
Venice Gardens Sewer	2.00%	-	400,000	-	400,000
Total Governmental and Business Type		\$ 25,030,000	\$ 28,765,000	\$ 26,030,000	\$ 27,765,000

NOTE 17 INTERFUND BALANCES AND ACTIVITY

Due From/Due To balances at December 31, 2003 consist of the following individual fund receivables and payables:

Due To	Due From							Total
	General	Children Services Board	Job and Family Services	Other Governmental	Sewer	Parking Garage	Internal Service	
General	\$ -	\$ -	\$ -	\$ 370,604	\$ -	\$ -	\$ 326,703	\$ 697,307
Mental Retardation	603	-	-	5,920	397	-	110,528	117,448
Job and Family	30,002	79,824	-	19,360	-	2,583	91,626	223,395
Children Services Board	37,657	-	-	-	-	-	56,747	94,404
Debt Service	540	-	-	-	-	-	-	540
Road Improvements	31,188	-	-	-	-	-	-	31,188
Other Governmental	232,352	-	7,389	375,950	30	-	179,410	795,131
Sewer	38,965	-	-	-	-	-	44,933	83,898
Water	30,035	-	-	-	-	-	28,608	58,643
GSC Parking Garage	-	-	-	-	-	-	467	467
Internal Service	572,102	-	-	-	-	-	1,028	573,130
Total	\$ 973,444	\$ 79,824	\$ 7,389	\$ 771,834	\$ 427	\$ 2,583	\$ 840,050	\$ 2,675,551

NOTE 17 INTERFUND BALANCES AND ACTIVITY (continued)

Advances From/Advances To balances at December 31, 2003 consist of the following individual fund receivables and payables:

	Advances From		Advances to General
	All Other Governmental		\$ 551,802
	Total		\$ 551,802

Transfers In/Transfers Out activity for 2003, consist of the following:

	Transfers Out				
Transfers In	General	Other Governmental	Parking Garage	Building Construction	Total
General	\$ -	\$ 75,000	\$ 119,000	\$ -	\$ 194,000
Job and Family Services	1,275,182	-	-	-	1,275,182
Buildings, Construction and Renovations	284,552	-	-	-	284,552
Debt Service	3,547,026	31,764	-	320,236	3,899,026
Road Improvements	-	167,669	-	-	167,669
Other Governmental	422,060	-	-	-	422,060
Total	\$ 5,528,820	\$ 274,433	\$ 119,000	\$ 320,236	\$6,242,489

All balances in the Due From/Due To schedule resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance of \$551,802 due to the General Fund for advances to the Bond Retirement, Buildings, Construction, and Renovations and Other Governmental Funds results from cash flow issues in those funds.

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

NOTE 18 WATER RATE AGREEMENT

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

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

The new agreement has also provided the County with a more favorable rate structure for water purchases. The County recorded an asset in 2002 in the amount of \$34,810,695, as "Deferred Charges for Water Rate Stabilization." This amount represents the purchase of future water rights. In 2003 the County amortized \$1,740,535 using the straight line depreciation method, leaving \$33,070,160 in the statement of net assets.

NOTE 19 CONTINGENT LIABILITIES

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

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

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

A. BUTLER COUNTY EMERGENCY MANAGEMENT AGENCY

The Butler County Emergency Management Agency is a jointly governed organization among the County, five cities and seven villages created by a countywide agreement with the Butler County Commissioners. The twenty-six members of the advisory council are appointed as follows: one County Commissioner and the chief elected official of each of the thirteen townships, five cities and seven villages. The degree of control exercised by any participating government is limited to its representation on the Board. The Agency does not have any outstanding debt. The County does not have an equity interest in the Agency.

The Agency is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the County. In 2003, the County contributed \$42,787 which represents 9.3% of total contributions. Fifty percent of the operating revenues are contributed by the Federal government. Complete financial statements can be obtained from the Emergency Management Agency, 315 High St. Hamilton, OH 45011.

B. ECONOMIC DEVELOPMENT ASSOCIATION OF BUTLER COUNTY

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

The Association is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the County. In 2003, the County contributed \$65,000 which represents 62% of total contributions. Complete financial statements can be obtained from the Economic Development Association of Butler County, 130 High Street, Hamilton, Ohio 45011.

C. TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY

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

JOINT VENTURES/JOINTLY GOVERNED ORGANIZATION/RISK SHARING POOL/RELATED ORGANIZATION
(continued)

D. COUNTY RISK SHARING AUTHORITY (CORSA)

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. An elected board of not more than nine trustees manages the affairs of the Corporation. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSAs is limited to its voting authority and any representation it may have on the board of trustees. CORSAs has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSAs. The participating counties have no responsibility for the payment of certificates. The County's payment for insurance to CORSAs in 2003 was \$619,091.

E. REGIONAL TRANSIT AUTHORITY (RTA)

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

NOTE 21 RELATED PARTY TRANSACTION

Miami Valley Industries, Inc. (the Workshop, a discretely presented component unit of Butler County), received contributions from the County for facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its programs. In 2003, these contributions were \$740,622.

For The Year Ended December 31, 2003

NOTE 22 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The County has several outstanding contracts for construction and professional services. The following amounts remain on these contracts as of December 31, 2003.

Project/Vendor	Outstanding Balance
Biosolids Disposal Facility – Black & Veatch	\$ 56,261
Bridges at Darrtown and Decamp Roads – Mark Madison Co. Inc.	78,536
Cincinnati Dayton Widening Regional to Millikin – KZF Design	1,230
Cinti-Dayton Dimmick Supp Trans – Tetra Tech Inc.	2,038
Cookie Lane Elim-Doll Layman, LTD	909,459
Cookie Lane Elim-Quest Engineers, Inc.	17,168
Graphical Imaging System – MWH Americas, Inc.	55,831
Hamilton-Mason Rd to Princeton – BBS Corporation	2,587
Hamilton-Mason Rd to Princeton – Byrnes Inc.	139,882
Horseshoe Bend Sewer – Culy Construction	934,484
JCC New Roof-Kelley & Carpenter Roofing & Sheet Metal	64,316
Lee Meadows Elimination – Trend Construction	3,850
Lesourdsville SCADA Wonderware – ESI, Inc.	49,500
Millikin Road Improvements – Don S. Cisle Contractor Inc.	69,073
Port Union Rd to Mul Rd 36 – Ribway Engineering	24,708
Queen Acres WRF Expansion – Ameritcon Inc.	702,892
Queen Acres WRF Expansion – Short Engineering	71,241
Rialto Pump Upgrades – Ribway Engineering	67,074
Rupp Farm – Culy Construction & Excavating	9,423
Sewer System Model – MWH Americas	10,853
Sharon Creek LS – Doll Layman	6,000
Sharon Creek LS – Quest Engineers Inc.	6,602
Soda Ash & Corrosion Prevention Design – MWH Americas	133,546
System Security – Malcolm Pirnie	8,810
Tylersville Rd West Improvement – Bayer Becker Engineers	1,736
UMC Phos/Nit Odor Removal – Quest Engineers Inc.	864,074
Union Centre Blvd Intersection Improvements – The Shelly Company	415,116
Venice Gardens Sewer – URS	14,778
Water and Sewer System Security – Malcolm Pirnie	8,810

NOTE 23 SUBSEQUENT EVENTS**DEBT RELATED ACTIVITY**

In March 2004, the County renewed a variety of bond anticipation notes that were rolled over in their entirety as follows:

Children Services Board Expansion (this issue was paid down by \$25,000)	\$ 2,130,000
Juvenile Detention Expansion (this issue was paid down by \$15,000)	1,465,000
Computer Hardware/Software	2,110,000
Computer Hardware/Software	510,000
Computer Hardware/Software	1,010,000
Symmes Road Construction	2,090,000
Water System Improvements	<u>4,830,000</u>
Total Proceeds	<u>\$ 14,145,000</u>

SUBSEQUENT EVENTS (continued)

Additional funding was secured in March 2004, to coincide with the renewal of the above issues. The new bond anticipation note issued included the following:

Water System Improvement	\$ 70,000
State Route 747/Princeton Road TIF	1,000,000
Cincinnati Dayton Wal-Mart TIF	<u>1,000,000</u>
Total New Issues	<u>\$ 2,070,000</u>
Total Proceeds – March Note Issue	<u>\$ 16,215,000</u>

In June 2004, the County renewed a bond anticipation note that was rolled over in its entirety as follows:

Butler County Airport	\$ 2,030,000
County Metro Parks	2,800,000
Building Repair	<u>300,000</u>
Total Proceeds	<u>\$ 5,130,000</u>

Additional funding was secured in June 2004, to coincide with the renewal of the above issues. The new bond anticipation note issued included the following:

County Metro Parks	\$ 40,000
Building Repair	40,000
Waterworks Improvement	3,500,000
Liberty Interchange	500,000
Airport Improvement	120,000
University Pointe	<u>325,000</u>
Total New Issues	<u>\$ 4,525,000</u>
Total Proceeds – June Issue	<u>\$ 9,655,000</u>

NOTE 24 MIAMI VALLEY INDUSTRIES, INC.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Financial statement presentation – Miami Valley Industries, Inc. has previously adopted Statement of Financial Accounting Standards No. 117 (SFAS 117) and Statement of Financial Accounting Standards No. 116 (SFAS 116). Under SFAS 117, Miami Valley Industries, Inc. is required to report information regarding its financial position and activities according to classes of assets. Miami Valley Industries, Inc. has reclassified its financial statements as required. Under SFAS 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature of donor restrictions.
- B. Property and Equipment – These assets are stated at cost and depreciated on the straight-line method over the estimated useful lives of the various assets. Maintenance and repairs are charged against earnings when incurred. Additions and major renewals are capitalized. Capital assets had an original cost of \$1,735,639 and reported net of \$805,878 of accumulated depreciation, yielding a net capital asset cost of \$929,761.
- C. Income Taxes – Miami Valley Industries, Inc., is a non-profit corporation and is exempt from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code.

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2003

MIAMI VALLEY INDUSTRIES, INC. (continued)

- D. Donated Services – Donated services of management, direct supervision, rent, etc. have been provided by the Butler County Board of Mental Retardation/Development Disabilities. During the year ended June 30, 2003 the value of these services was estimated to be and is recorded in the financial statements at \$740,622.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the organization to credit risk did not exist as of June 30, 2003 since total cash investments and certificates of deposit did not exceed federally insured limits. Miami Valley Industries, Inc. extended unsecured credit to regular customers amounting to \$265,083.

NOTES PAYABLE

A summary of Miami Valley Industries note transactions for the year ended June 30, 2003 follows:

Issue	Balance 7/1/02	Issued	Retired	Balance 6/30/03
Note Payable – Building	\$ 453,300	-	\$ 453,300	-
Note Payable – Building	\$ -	\$ 435,000	\$ 21,061	\$ 413,939

The notes outstanding at June 30, 2003 consisted of the following issues:

Issue	Principal Outstanding	Annualized Rate
Note Payable - Building	\$ 413,939	6.50%

Butler County, Ohio
 Required Supplementary Information
 Condition Assessment of the County's Infrastructure
 Reported Using the Modified Approach as Outlined in GASB 34
 For The Year Ended December 31, 2003

Butler County reports its infrastructure assets using the modified approach as outlined in Governmental Accounting Standards Board (GASB) Statement No. 34. The following disclosures pertain to the conditional assessment and budgeted versus actual expenditures for the preservation of these assets. Data for the conditional assessment is presented in each of the following three sections for 2003, 2002 and 2001.

County Roads

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

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

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

The following summarizes the physical condition assessment of county roads as of December 31 for 2003, 2002 and 2001:

Road Condition	2003		2002		2001	
	Road Miles	% of Total	Road Miles	% of Total	Road Miles	% of Total
Fair or Better	227	83%	234	86%	219	81%
Less than Fair	46	17%	38	14%	53	19%
Total	273	100%	272	100%	272	100%

The following is a comparison of county budgeted and actual expenditures for preservation of the existing roadways:

Year	Budgeted Expenditures	Actual Expenditures	Difference
2003	\$ 3,048,992	\$ 2,129,994	\$ 918,998
2002	\$ 9,207,636	\$ 5,800,104	\$ 3,407,532
2001	\$ 3,466,030	\$ 593,334	\$ 2,872,696

Butler County, Ohio
 Required Supplementary Information
 Condition Assessment of the County's Infrastructure
 Reported Using the Modified Approach as Outlined in GASB 34
 For The Year Ended December 31, 2003

County Bridges

The condition of the County's bridges is determined using a general appraisal and operational status rating which is a conditional coding system developed by the Federal Highway Administration. This system is comprised of ratings for the individual elements of the structure. The primary elements of this appraisal system include the following:

- *bridge decks* (riding surface, roadway approaches, end joints, curbing and sidewalks)
- *superstructures* (side rails, above-road piers and overhead truss)
- *substructures* (undercarriage, piers, footings, abutments and erosion protection)

The Federal Highway Administration has defined specific criteria for each element of the bridge, based on its construction. For each element, a 1-9 rating scale is used, where 4 or less is defined as "poor" condition. The ratings of all elements are combined to summarize the structural condition of a bridge as follows:

Bridge Rating	Condition Rating	Description
9	Excellent	Superior to present desirable criteria.
8	Very Good	Equal to present desirable criteria.
7	Good	Better than present minimum criteria.
6	Satisfactory	Equal to present minimum criteria.
5	Fair	Better than minimum adequacy to tolerate being left in place as is.
4	Poor	Meets minimum tolerable condition requiring high priority to repair.
3	Serious	Basically intolerable condition requiring high priority to repair.
2	Critical	Basically intolerable condition requiring high priority of replacement.
1	Imminent Failure	Immediate repair necessary to put back into service.
0	Closed	Bridge closed.

It is the County policy to maintain the bridge system in the County where 85% of the structures have a general appraisal summary of 5 (Fair) condition or higher. The following is a summary of the conditional assessment for bridges as of December 31 for 2003, 2002 and 2001:

Bridge Condition	2003		2002		2001	
	Number of Bridges	% of Total	Number of Bridges	% of Total	Number of Bridges	% of Total
Fair or Better	329	89%	324	87%	320	86%
Less than Fair	41	11%	50	13%	54	14%
Total	370	100%	374	100%	374	100%

The following is a comparison of county budgeted and actual expenditures for preservation of the existing bridges:

Year	Budgeted Expenditures	Actual Expenditures	Difference
2003	\$ 3,674,302	\$ 2,667,956	\$ 1,006,346
2002	\$ 3,365,739	\$ 2,776,965	\$ 588,774
2001	\$ 4,361,594	\$ 2,186,918	\$ 2,174,676

Butler County, Ohio
 Required Supplementary Information
 Condition Assessment of the County's Infrastructure
 Reported Using the Modified Approach as Outlined in GASB 34
 For The Year Ended December 31, 2003

County Culverts

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

Culvert Rating	Condition Rating	Description
1	Good	No repair required.
2	Fair	Minor deficiency, culvert still functioning as designed.
3	Poor	Major deficiency, culvert in need of repair to continue functioning as designed.
4	Critical	Culvert no longer functioning as designed.

It is the goal of the Butler County Engineer to maintain 75% of culverts in a condition of 2-Fair or better. The following is a summary of the conditional assessment for culverts as of December 31 for 2003, 2002 and 2001:

Culvert Condition	2003		2002		2001	
	Number of Culverts	% of Total	Number of Culverts	% of Total	Number of Culverts	% of Total
Fair or Better	824	78%	938	79%	921	77%
Less than Fair	232	22%	258	21%	275	23%
Total	1056	100%	1196	100%	1196	100%

The following is a comparison of county budgeted and actual expenditures for preservation of the existing culverts:

Year	Budgeted Expenditures	Actual Expenditures	Difference
2003	\$ 100,000	\$ 78,272	\$ 21,728
2002	\$ 100,000	\$ 99,056	\$ 944
2001	\$ 310,017	\$ 298,770	\$ 11,247

**Combining Statements and
Individual Fund Schedules**

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Special Revenue Funds (continued)

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

Health Insurance – To account for the County’s premium based employee health benefits.

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

Nonmajor Capital Projects Funds

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

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

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

Technology – To account for the financing and related cost

Other Capital Improvements – To account for all other capital improvements not presented on an individual basis.

Butler County, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 25,406,239	\$ 831,667	\$ 26,237,906
Cash and Cash Equivalents:			
In Segregated Accounts	141,258	-	141,258
With Fiscal Agents	50,105	-	50,105
Receivables:			
Taxes	8,292,267	-	8,292,267
Accounts	173,695	-	173,695
Due from Other Governments	20,942,592	2,297,097	23,239,689
Special Assessments	1,482,051	-	1,482,051
Loans	514,152	-	514,152
Due from Other Funds	323,994	447,840	771,834
Prepaid Items	239,248	-	239,248
Materials and Supplies Inventory	339,566	-	339,566
Total Assets	\$ 57,905,167	\$ 3,576,604	\$ 61,481,771
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 673,615	\$ 3,575	\$ 677,190
Contracts Payable	2,562,576	-	2,562,576
Retainage Payable	21,456	-	21,456
Accrued Wages and Benefits	1,151,029	5,861	1,156,890
Compensated Absences Payable	8,434	-	8,434
Due to Other Funds	569,167	225,964	795,131
Due to Other Governments	68,255	-	68,255
Deferred Revenue	28,576,954	-	28,576,954
Advances from Other Funds	341,802	210,000	551,802
Accrued Interest Payable	2,850	10,926	13,776
Notes Payable	675,000	3,938,500	4,613,500
Total Liabilities	34,651,138	4,394,826	39,045,964
Fund Balances			
Reserved for Encumbrances	3,336,587	-	3,336,587
Reserved for Loans	514,152	-	514,152
Reserved for Inventory	339,566	-	339,566
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	19,063,724	-	19,063,724
Capital Projects Funds	-	(818,222)	(818,222)
Total Fund Balances (Deficit)	23,254,029	(818,222)	22,435,807
Total Liabilities and Fund Balances	\$ 57,905,167	\$ 3,576,604	\$ 61,481,771

Butler County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003

	Real Estate Assessment	All Other Legislative and Executive	All Other Judicial	All Other Public Safety	Child Support Enforcement
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 674,048	\$ 1,847,302	\$ 2,239,949	\$ 1,961,563	\$ 762,738
Cash and Cash Equivalents:					
In Segregated Accounts	-	3,004	115,526	207	380
With Fiscal Agents	-	-	-	-	-
Receivables:					
Taxes	-	117,279	-	-	-
Accounts	-	-	-	-	-
Due from Other Governments	-	-	287	2,838,040	2,503,107
Special Assessments	-	187,061	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Prepaid Items	3,503	4,680	8,857	2,327	7,753
Materials and Supplies Inventory	900	14,970	3,400	23,784	9,600
Total Assets	\$ 678,451	\$ 2,174,296	\$ 2,368,019	\$ 4,825,921	\$ 3,283,578
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ 33,194	\$ 12,078	\$ 10,906	\$ 78,769	\$ 5,773
Contracts Payable	37,900	12,900	-	30,568	-
Retainage Payable	-	-	-	-	-
Accrued Wages and Benefits	104,059	94,739	29,275	144,139	192,798
Compensated Absences Payable	-	-	-	-	46
Due to Other Funds	16,692	14,772	4,293	51,611	231,785
Due to Other Governments	-	424	-	2,017	15
Deferred Revenue	-	304,340	-	2,837,827	2,411,844
Advances From Other Funds	-	-	25,002	-	-
Accrued Interest Payable	-	-	-	-	-
Notes Payable	-	-	-	-	-
Total Liabilities	191,845	439,253	69,476	3,144,931	2,842,261
Fund Balances					
Reserved for Encumbrances	43,678	25,522	11,515	53,493	-
Reserved for Loans	-	-	-	-	-
Reserved for Inventory	900	14,970	3,400	23,784	9,600
Unreserved, Undesignated	442,028	1,694,551	2,283,628	1,603,713	431,717
Total Fund Balances (Deficit)	486,606	1,735,043	2,298,543	1,680,990	441,317
Total Liabilities and Fund Balances	\$ 678,451	\$ 2,174,296	\$ 2,368,019	\$ 4,825,921	\$ 3,283,578

(Continued)

Butler County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
December 31, 2003

	Motor Vehicle	All Other Public Works	Alcohol and Drug Addiction	Mental Health	All Other Health
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 9,904,538	\$ 1,962,231	\$ 1,389,167	\$ 3,043,248	\$ 41,177
Cash and Cash Equivalents:					
In Segregated Accounts	13,819	-	-	-	8,322
With Fiscal Agents	50,105	-	-	-	-
Receivables:					
Taxes	-	-	-	1,668,180	-
Accounts	78,698	201	-	94,796	-
Due from Other Governments	4,951,748	2,756,097	1,536,752	5,016,729	500
Special Assessments	-	1,294,990	-	-	-
Loans	-	514,152	-	-	-
Due from Other Funds	2,700	292,776	-	19,360	-
Prepaid Items	8,871	1,554	10,924	181,254	22
Materials and Supplies Inventory	273,351	-	-	-	-
Total Assets	\$ 15,283,830	\$ 6,822,001	\$ 2,936,843	\$ 10,023,567	\$ 50,021
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ 254,578	\$ 46,027	\$ 7,766	\$ 102,024	\$ 1,443
Contracts Payable	113,577	84,582	-	1,509,450	-
Retainage Payable	-	21,456	-	-	-
Accrued Wages and Benefits	211,039	20,419	17,343	30,689	13,336
Compensated Absences Payable	-	-	-	-	6,643
Due to Other Funds	35,854	154,229	3,022	5,632	1,921
Due to Other Governments	1,291	45,018	5,000	13,990	-
Deferred Revenue	4,365,659	3,644,187	1,253,692	6,328,040	-
Advances From Other Funds	-	30,000	170,800	-	100,000
Accrued Interest Payable	2,850	-	-	-	-
Notes Payable	675,000	-	-	-	-
Total Liabilities	5,659,848	4,045,918	1,457,623	7,989,825	123,343
Fund Balances					
Reserved for Encumbrances	1,654,787	39,869	222,043	1,235,298	276
Reserved for Loans	-	514,152	-	-	-
Reserved for Inventory	273,351	-	-	-	-
Unreserved, Undesignated	7,695,844	2,222,062	1,257,177	798,444	(73,598)
Total Fund Balances (Deficit)	9,623,982	2,776,083	1,479,220	2,033,742	(73,322)
Total Liabilities and Fund Balances	\$ 15,283,830	\$ 6,822,001	\$ 2,936,843	\$ 10,023,567	\$ 50,021

County Care Facility	Elderly Services Levy	Health Insurance	All Other Human Services	Total Nonmajor Special Revenue Funds
\$ 494,591	\$ 1,035,356	\$ 7,133	\$ 43,198	\$ 25,406,239
-	-	-	-	141,258
-	-	-	-	50,105
-	6,506,808	-	-	8,292,267
-	-	-	-	173,695
388,237	-	-	951,095	20,942,592
-	-	-	-	1,482,051
-	-	-	-	514,152
9,158	-	-	-	323,994
9,453	-	-	50	239,248
13,561	-	-	-	339,566
<u>\$ 915,000</u>	<u>\$ 7,542,164</u>	<u>\$ 7,133</u>	<u>\$ 994,343</u>	<u>\$ 57,905,167</u>

\$ 118,851	\$ -	\$ -	\$ 2,206	\$ 673,615
-	723,106	-	50,493	2,562,576
-	-	-	-	21,456
282,243	-	-	10,950	1,151,029
1,745	-	-	-	8,434
41,117	-	-	8,239	569,167
500	-	-	-	68,255
-	6,506,808	-	924,557	28,576,954
-	-	-	16,000	341,802
-	-	-	-	2,850
-	-	-	-	675,000
<u>444,456</u>	<u>7,229,914</u>	<u>-</u>	<u>1,012,445</u>	<u>34,651,138</u>

49,403	-	-	703	3,336,587
-	-	-	-	514,152
13,561	-	-	-	339,566
<u>407,580</u>	<u>312,250</u>	<u>7,133</u>	<u>(18,805)</u>	<u>19,063,724</u>
<u>470,544</u>	<u>312,250</u>	<u>7,133</u>	<u>(18,102)</u>	<u>23,254,029</u>
<u>\$ 915,000</u>	<u>\$ 7,542,164</u>	<u>\$ 7,133</u>	<u>\$ 994,343</u>	<u>\$ 57,905,167</u>

Butler County, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2003

	Capital Improvement	Stormwater Management Study	Technology	Other Capital Improvements	Total Nonmajor Capital Projects Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 11,661	\$ 231,186	\$ 72,159	\$ 516,661	\$ 831,667
Receivables:					
Accounts	-	-	-	-	-
Due from Other Governments	-	-	-	2,297,097	2,297,097
Due from Other Funds	148,250	-	299,590	-	447,840
Total Assets	\$ 159,911	\$ 231,186	\$ 371,749	\$ 2,813,758	\$ 3,576,604
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ 3,575	\$ -	\$ 3,575
Accrued Wages and Benefits	-	-	5,861	-	5,861
Due to Other Funds	225,000	-	964	-	225,964
Advances from Other Funds	-	-	210,000	-	210,000
Accrued Interest Payable	-	2,174	8,752	-	10,926
Notes Payable	-	515,000	3,423,500	-	3,938,500
Total Liabilities	225,000	517,174	3,652,652	-	4,394,826
Fund Balances					
Unreserved, Undesignated	(65,089)	(285,988)	(3,280,903)	2,813,758	(818,222)
Total Fund Balances	(65,089)	(285,988)	(3,280,903)	2,813,758	(818,222)
Total Liabilities and Fund Balances	\$159,911	\$231,186	\$371,749	\$2,813,758	\$3,576,604

Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 12,148,555	\$ -	\$ 12,148,555
Charges for Services	10,860,955	299,590	11,160,545
Licenses and Permits	368,578	-	368,578
Fines and Forfeitures	341,327	-	341,327
Intergovernmental	53,604,304	-	53,604,304
Special Assessments	178,711	-	178,711
Interest	57,134	17,542	74,676
Other	423,114	624	423,738
Total Revenues	77,982,678	317,756	78,300,434
Expenditures			
Current:			
General Government			
Legislative and Executive	6,136,916	10,400	6,147,316
Judicial	1,273,229	-	1,273,229
Public Safety	7,094,408	-	7,094,408
Public Works	16,541,092	-	16,541,092
Health	20,908,171	-	20,908,171
Human Services	23,574,213	-	23,574,213
Capital Outlay	-	644,922	644,922
Debt Service:			
Principal Retirement	2,132,447	3,585,000	5,717,447
Interest and Fiscal Charges	68,892	74,452	143,344
Total Expenditures	77,729,368	4,314,774	82,044,142
Excess of Revenues Over (Under) Expenditures	253,310	(3,997,018)	(3,743,708)
Other Financing Sources (Uses)			
Premium on Debt Issued	2,604	43,821	46,425
Proceeds of Notes	2,030,000	6,430,000	8,460,000
Inception of Capital Lease	72,200	-	72,200
Transfers - In	133,060	289,000	422,060
Transfers - Out	(242,669)	(31,764)	(274,433)
Total Other Financing Sources (Uses)	1,995,195	6,731,057	8,726,252
Net Change in Fund Balance	2,248,505	2,734,039	4,982,544
Fund Balances (Deficit) Beginning of Year	20,953,813	(3,552,261)	17,401,552
Increase in Reserve for Inventory	51,711	-	51,711
Fund Balances (Deficit) End of Year	\$ 23,254,029	\$ (818,222)	\$ 22,435,807

Butler County, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003

	Real Estate Assessment	All Other Legislative and Executive	All Other Judicial	All Other Public Safety
Revenues				
Taxes	\$ -	\$ 360,908	\$ -	\$ -
Charges for Services	2,985,188	3,071,457	1,323,472	866,708
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	42,486	4,271
Intergovernmental	-	75,109	-	5,379,663
Special Assessments	-	-	-	-
Interest	-	9,643	-	-
Other	9,935	8,040	1,696	15,193
Total Revenues	2,995,123	3,525,157	1,367,654	6,265,835
Expenditures				
Current:				
General Government				
Legislative and Executive	2,880,617	3,256,299	-	-
Judicial	-	-	1,273,229	-
Public Safety	-	-	-	7,094,408
Public Works	-	-	-	-
Health	-	-	-	-
Human Services	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	2,880,617	3,256,299	1,273,229	7,094,408
Excess of Revenues Over (Under) Expenditures	114,506	268,858	94,425	(828,573)
Other Financing Sources (Uses)				
Premium on Debt Issued	-	-	-	-
Proceeds of Notes	-	-	-	-
Inception of Capital Lease	-	-	-	-
Transfers - In	-	-	75,000	15,368
Transfers - Out	-	(75,000)	-	-
Total Other Financing Sources (Uses)	-	(75,000)	75,000	15,368
Net Change in Fund Balance	114,506	193,858	169,425	(813,205)
Fund Balances Beginning of Year	372,100	1,542,285	2,130,718	2,472,928
Increase (Decrease) in Reserve for Inventory	-	(1,100)	(1,600)	21,267
Fund Balances End of Year	\$ 486,606	\$ 1,735,043	\$ 2,298,543	\$ 1,680,990

<u>Child Support Enforcement</u>	<u>Motor Vehicle</u>	<u>All Other Public Works</u>	<u>Alcohol and Drug Addiction</u>
\$ -	\$ 2,278,929	\$ -	\$ -
948,446	290,696	259,285	85,387
-	-	-	-
-	273,680	-	-
5,396,935	10,668,696	4,212,147	5,483,820
-	-	178,711	-
-	-	47,491	-
19,701	191,473	2,041	82,355
<u>6,365,082</u>	<u>13,703,474</u>	<u>4,699,675</u>	<u>5,651,562</u>
-	-	-	-
-	-	-	-
-	12,260,765	4,280,327	-
-	-	-	5,454,591
6,261,964	-	-	-
-	78,531	2,030,000	-
-	32,139	29,535	-
<u>6,261,964</u>	<u>12,371,435</u>	<u>6,339,862</u>	<u>5,454,591</u>
<u>103,118</u>	<u>1,332,039</u>	<u>(1,640,187)</u>	<u>196,971</u>
-	2,604	-	-
-	-	2,030,000	-
-	-	-	-
-	-	-	-
-	(167,669)	-	-
-	(165,065)	2,030,000	-
103,118	1,166,974	389,813	196,971
338,199	8,427,879	2,386,270	1,282,249
-	29,129	-	-
<u>\$ 441,317</u>	<u>\$ 9,623,982</u>	<u>\$ 2,776,083</u>	<u>\$ 1,479,220</u>

(Continued)

Butler County, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003 (Continued)

	Mental Health	All Other Health	County Care Facility	Elderly Services Levy
Revenues				
Taxes	\$ 1,956,834	\$ -	\$ -	\$ 7,551,884
Charges for Services	99,742	-	923,441	-
Licenses and Permits	-	368,578	-	-
Fines and Forfeitures	-	20,890	-	-
Intergovernmental	14,068,519	-	6,385,644	799,906
Special Assessments	-	-	-	-
Interest	-	-	-	-
Other	54,904	1,256	29,463	-
Total Revenues	16,179,999	390,724	7,338,548	8,351,790
Expenditures				
Current:				
General Government				
Legislative and Executive	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health	15,019,676	433,904	-	-
Human Services	-	-	7,581,409	8,610,623
Debt Service:				
Principal Retirement	-	-	23,916	-
Interest and Fiscal Charges	-	-	7,218	-
Total Expenditures	15,019,676	433,904	7,612,543	8,610,623
Excess of Revenues Over (Under) Expenditures	1,160,323	(43,180)	(273,995)	(258,833)
Other Financing Sources (Uses)				
Premium on Debt Issued	-	-	-	-
Proceeds of Notes	-	-	-	-
Inception of Capital Lease	-	-	72,200	-
Transfers - In	-	-	-	-
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	72,200	-
Net Change in Fund Balance	1,160,323	(43,180)	(201,795)	(258,833)
Fund Balances Beginning of Year	873,419	(30,142)	668,324	571,083
Increase (Decrease) in Reserve for Inventory	-	-	4,015	-
Fund Balances (Deficit) End of Year	\$ 2,033,742	\$ (73,322)	\$ 470,544	\$ 312,250

Health Insurance	All Other Human Services	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 12,148,555
7,133	-	10,860,955
-	-	368,578
-	-	341,327
-	1,133,865	53,604,304
-	-	178,711
-	-	57,134
-	7,057	423,114
<u>7,133</u>	<u>1,140,922</u>	<u>77,982,678</u>
-	-	6,136,916
-	-	1,273,229
-	-	7,094,408
-	-	16,541,092
-	-	20,908,171
-	1,120,217	23,574,213
-	-	2,132,447
-	-	68,892
-	1,120,217	77,729,368
<u>7,133</u>	<u>20,705</u>	<u>253,310</u>
-	-	2,604
-	-	2,030,000
-	-	72,200
-	42,692	133,060
-	-	(242,669)
-	42,692	1,995,195
7,133	63,397	2,248,505
-	(81,499)	20,953,813
-	-	51,711
<u>\$ 7,133</u>	<u>\$ (18,102)</u>	<u>\$ 23,254,029</u>

Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003

	Capital Improvement	Stormwater Management Study	Technology	Other Capital Improvements	Total Nonmajor Capital Projects Funds
Revenues					
Charges for Services	\$ -	\$ -	\$ 299,590	\$ -	\$ 299,590
Intergovernmental	-	-	-	-	-
Interest	-	6,060	2,932	8,550	17,542
Other	-	-	624	-	624
Total Revenues	-	6,060	303,146	8,550	317,756
Expenditures					
Current:					
General Government					
Legislative and Executive	-	-	10,400	-	10,400
Capital Outlay	81,539	183,163	380,220	-	644,922
Debt Service					
Principal Retirement	-	-	3,585,000	-	3,585,000
Interest and Fiscal Charges	-	11,327	63,125	-	74,452
Total Expenditures	81,539	194,490	4,038,745	-	4,314,774
Excess of Revenues (Under) Expenditures	(81,539)	(188,430)	(3,735,599)	8,550	(3,997,018)
Other Financing Sources (Uses)					
Proceeds of Notes	-	-	3,630,000	2,800,000	6,430,000
Premium from Debt Issued	-	1,987	36,626	5,208	43,821
Transfers In	275,000	-	14,000	-	289,000
Transfers Out	-	-	(31,764)	-	(31,764)
Total Other Financing Sources (Uses)	275,000	1,987	3,648,862	2,805,208	6,731,057
Net Change in Fund Balance	193,461	(186,443)	(86,737)	2,813,758	2,734,039
Fund Balances (Deficit) at Beginning of Year	(258,550)	(99,545)	(3,194,166)	-	(3,552,261)
Fund Balances (Deficit) End of Year	\$ (65,089)	\$ (285,988)	\$ (3,280,903)	\$ 2,813,758	\$ (818,222)

INTERNAL SERVICE FUNDS

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

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

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

Butler County, Ohio
Combining Statement of Fund Net Assets
Internal Service Funds
December 31, 2003

	Worker's Compensation	Employee Health Insurance	Total
Assets			
Current Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,149,605	\$ 43,816	\$ 2,193,421
Cash and Cash Equivalents with Fiscal Agent	-	68,783	68,783
Receivables:			
Accounts	19,232	42,668	61,900
Due from Other Governments	8,698	-	8,698
Due from Other Funds	840,050	-	840,050
Prepaid Items	-	4,000	4,000
Total Assets	3,017,585	159,267	3,176,852
Liabilities			
Accounts Payable	4,902	-	4,902
Contracts Payable	-	49	49
Accrued Wages and Benefits	11,220	7,370	18,590
Due to Other Funds	-	573,130	573,130
Due to Other Governments	407,015	-	407,015
Claims Payable	2,727,181	1,204,259	3,931,440
Compensated Absences Payable	4,742	-	4,742
Total Current Liabilities	3,155,060	1,784,808	4,939,868
Long-Term Liabilities:			
Compensated Absences Payable	7,210	-	7,210
Total Long-Term Liabilities	7,210	-	7,210
Total Liabilities	3,162,270	1,784,808	4,947,078
Net Assets			
Unrestricted (Deficit)	(144,685)	(1,625,541)	(1,770,226)
Total Net Assets (Deficit)	\$ (144,685)	\$ (1,625,541)	\$ (1,770,226)

Butler County, Ohio
Combining Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2003

	Worker's Compensation	Employee Health Insurance	Total
Operating Revenues			
Charges for Services	\$ 863,705	\$ 10,468,794	\$ 11,332,499
Other Operating Revenues	-	125,822	125,822
Total Operating Revenues	<u>863,705</u>	<u>10,594,616</u>	<u>11,458,321</u>
Operating Expenses			
Personal Services	222,575	129,411	351,986
Contractual Services	404,057	2,296,356	2,700,413
Claims and Judgments	620,981	10,218,231	10,839,212
Other Operating Expenses	4,517	-	4,517
Total Operating Expenses	<u>1,252,130</u>	<u>12,643,998</u>	<u>13,896,128</u>
Operating (Loss)	<u>(388,425)</u>	<u>(2,049,382)</u>	<u>(2,437,807)</u>
Non-Operating Revenues (Expenses)			
Other Non-Operating Revenues	96,543	-	96,543
Other Non-Operating Expenses	(499,710)	-	(499,710)
Total Non-Operating Revenues (Expenses)	<u>(403,167)</u>	<u>-</u>	<u>(403,167)</u>
Change in Net Assets	<u>(791,592)</u>	<u>(2,049,382)</u>	<u>(2,840,974)</u>
Net Assets Beginning of Year	<u>646,907</u>	<u>423,841</u>	<u>1,070,748</u>
Net Assets End of Year	<u>\$ (144,685)</u>	<u>\$ (1,625,541)</u>	<u>\$ (1,770,226)</u>

Butler County
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2003

	Worker's Compensation	Employee Health Insurance	Totals
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Interfund Services Provided	834,440	10,468,794	11,303,234
Cash Paid to Suppliers	(276,613)	(2,240,164)	(2,516,777)
Cash Paid to Employees	(231,692)	(124,704)	(356,396)
Other Operating Revenues	-	83,154	83,154
Other Non-Operating Revenues	87,845	-	87,845
Other Non-Operating Expenses	(499,710)	-	(499,710)
Cash Paid for Claims	(290,833)	(9,373,225)	(9,664,058)
Net Cash Used for Operating Activities	(376,563)	(1,186,145)	(1,562,708)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Short-Term Advances from Other Funds	-	572,102	572,102
Net Decrease in Cash and Cash Equivalents	(376,563)	(614,043)	(990,606)
Cash and Cash Equivalents at Beginning of Year	2,526,168	726,642	3,252,810
Cash and Cash Equivalents at End of Year	\$ 2,149,605	\$ 112,599	\$ 2,262,204
<u>Reconciliation of Operating Loss</u>			
<u>Cash Used for Operating Activities:</u>			
Operating Loss	\$ (388,425)	\$ (2,049,382)	\$ (2,437,807)
<u>Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:</u>			
Other Non-Operating Revenues	87,845	-	87,845
Other Non-Operating Expenses	(499,710)	-	(499,710)
<u>Changes in Assets and Liabilities:</u>			
Decrease in Accounts Receivable	(1,928)	(42,668)	(44,596)
Decrease in Due from Other Funds	(27,337)	-	(27,337)
Increase in Prepaid Items	-	56,192	56,192
Increase (Decrease) in Accrued Wages and Benefits	(4,725)	3,630	(1,095)
Increase in Accounts Payable	4,517	-	4,517
Increase in Contracts Payable	-	49	49
Decrease in Compensated Absences Payable	(4,392)	-	(4,392)
Increase in Due to Other Funds	-	1,028	1,028
Increase in Due to Other Governments	127,444	-	127,444
Increase in Claims Payable	330,148	845,006	1,175,154
Total Adjustments	11,862	863,237	875,099
Net Cash Used for Operating Activities	\$ (376,563)	\$ (1,186,145)	\$ (1,562,708)

AGENCY FUNDS

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

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

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

Butler County, Ohio
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2003

	Undivided Tax	All Other Agency	Total
Assets			
Equity Pooled in Cash and Cash Equivalents	\$ 13,895,144	\$ 6,782,603	\$ 20,677,747
Cash and Cash Equivalents in Segregated Accounts	7,639	3,205,924	3,213,563
Investments in Segregated Accounts	-	400,000	400,000
Taxes Receivable	292,802,509	-	292,802,509
Special Assessments Receivable	21,314,306	1,450	21,315,756
Due from Other Governments	15,539,839	309,316	15,849,155
Total Assets	\$ 343,559,437	\$ 10,699,293	\$ 354,258,730
Liabilities			
Undistributed Monies	\$ -	\$ 3,259,608	\$ 3,259,608
Deposits Held and Due to Others	-	7,204,555	7,204,555
Due to Other Governments	343,559,437	117,585	343,677,022
Loans Payable	-	117,545	117,545
Total Liabilities	\$ 343,559,437	\$ 10,699,293	\$ 354,258,730

Butler County, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2003

	Beginning Balance 01/01/03	Additions	Deductions	Ending Balance 12/31/03
Undivided Tax Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 15,871,310	\$ 928,127	\$ 2,904,293	\$ 13,895,144
Cash and Cash Equivalents in Segregated Accounts	4,999	7,639	4,999	7,639
Taxes Receivable	278,329,209	292,802,509	278,329,209	292,802,509
Special Assessments Receivable	26,281,648	21,314,306	26,281,648	21,314,306
Due from Other Governments	15,429,235	15,539,839	15,429,235	15,539,839
Total Assets	\$ 335,916,401	\$ 330,592,420	\$ 322,949,384	\$ 343,559,437
Liabilities				
Due to Other Governments	\$ 335,916,401	\$ 328,995,519	\$ 321,352,483	\$ 343,559,437
Total Liabilities	\$ 335,916,401	\$ 328,995,519	\$ 321,352,483	\$ 343,559,437
All Other Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 5,318,878	\$ 1,881,521	\$ 417,796	\$ 6,782,603
Cash and Cash Equivalents in Segregated Accounts	4,369,109	45,206	1,208,391	3,205,924
Investments in Segregated Accounts	400,000	-	-	400,000
Special Assessments Receivable	303	1,147	-	1,450
Due from Other Governments	314,339	309,316	314,339	309,316
Total Assets	\$ 10,402,629	\$ 2,237,190	\$ 1,940,526	\$ 10,699,293
Liabilities				
Undistributed Monies	\$ 3,778,043	\$ -	\$ 518,435	\$ 3,259,608
Deposits Held and Due to Others	5,810,960	2,182,761	789,166	7,204,555
Due to Other Governments	698,626	-	581,041	117,585
Loans Payable	115,000	2,545	-	117,545
Total Liabilities	\$ 10,402,629	\$ 2,185,306	\$ 1,888,642	\$ 10,699,293

(Continued)

Butler County, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2003 (Continued)

	Beginning Balance 01/01/03	Additions	Deductions	Ending Balance 12/31/03
Total - All Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 21,190,188	\$ 2,809,648	\$ 3,322,089	\$ 20,677,747
Cash and Cash Equivalents in Segregated Accounts	4,374,108	52,845	1,213,390	3,213,563
Investments in Segregated Accounts	400,000	-	-	400,000
Taxes Receivable	278,329,209	292,802,509	278,329,209	292,802,509
Special Assessments Receivable	26,281,951	21,315,453	26,281,648	21,315,756
Due from Other Governments	15,743,574	15,849,155	15,743,574	15,849,155
Total Assets	\$ 346,319,030	\$ 332,829,610	\$ 324,889,910	\$ 354,258,730
Liabilities				
Undistributed Monies	\$ 3,778,043	\$ -	\$ 518,435	\$ 3,259,608
Deposits Held and Due to Others	5,810,960	2,182,761	789,166	7,204,555
Due to Other Governments	336,615,027	328,995,519	321,933,524	343,677,022
Loans Payable	115,000	2,545	-	117,545
Total Liabilities	\$ 346,319,030	\$ 331,180,825	\$ 323,241,125	\$ 354,258,730

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

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 29,003,000	\$ 28,903,003	\$ 29,283,435	\$ 380,432
Charges for Services	18,482,220	24,680,259	24,770,293	90,034
Licenses and Permits	20,620	27,126	27,126	-
Fines and Forfeitures	1,152,500	1,181,852	1,190,852	9,000
Intergovernmental	7,681,000	7,652,897	7,852,898	200,001
Interest	3,475,450	3,012,148	3,026,265	14,117
Other	1,598,210	807,996	832,997	25,001
Total Revenues	61,413,000	66,265,281	66,983,866	718,585
Expenditures:				
Current:				
General Government:				
Legislative and Executive				
Information Services				
Personal Services	1,281,635	1,279,985	1,278,715	1,270
Materials and Supplies	33,000	33,000	32,994	6
Contractual Services	100,000	93,350	93,349	1
Total Information Services	1,414,635	1,406,335	1,405,058	1,277
Audit Services				
Contractual Services	149,177	155,246	155,246	-
Total Audit Services	149,177	155,246	155,246	-
Auditor				
Personal Services	1,280,977	1,277,901	1,277,668	233
Materials and Supplies	31,792	28,157	28,086	71
Contractual Services	115,933	111,994	111,546	448
Other	20,106	20,456	20,438	18
Total Auditor	1,448,808	1,438,508	1,437,738	770
Commissioners				
Personal Services	948,500	948,312	906,581	41,731
Materials and Supplies	35,463	30,463	25,151	5,312
Contractual Services	116,169	113,669	93,065	20,604
Other	47,047	47,047	45,533	1,514
Total Commissioners	1,147,179	1,139,491	1,070,330	69,161
Department of Development				
Personal Services	1,285,026	1,315,346	1,314,017	1,329
Materials and Supplies	18,819	18,819	17,259	1,560
Contractual Services	120,712	134,162	133,091	1,071
Other	26,208	21,149	19,674	1,475
Total Department of Development	1,450,765	1,489,476	1,484,041	5,435

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Mailroom				
Personal Services	\$ 88,495	\$ 84,263	\$ 83,641	\$ 622
Materials and Supplies	571,879	552,067	544,808	7,259
Contractual Services	250	-	-	-
Other	2,000	500	373	127
Total Mailroom	662,624	636,830	628,822	8,008
Maintenance				
Personal Services	271,600	264,748	263,558	1,190
Materials and Supplies	45,268	48,768	47,817	951
Contractual Services	2,998,647	3,275,147	3,263,654	11,493
Other	207,886	167,886	149,009	18,877
Total Maintenance	3,523,401	3,756,549	3,724,038	32,511
Records Center				
Personal Services	249,538	295,269	289,437	5,832
Materials and Supplies	19,363	24,363	22,568	1,795
Contractual Services	60,401	48,561	43,504	5,057
Other	4,688	9,188	6,444	2,744
Total Records Center	333,990	377,381	361,953	15,428
Insurance, Pension and Taxes				
Personal Services	40,000	751,090	472,603	278,487
Contractual Services	600,000	725,000	724,058	942
Other	222,000	272,946	180,167	92,779
Total Insurance, Pension and Taxes	862,000	1,749,036	1,376,828	372,208
Commissioners-Other				
Contractual Services	506,600	530,376	491,121	39,255
Other	678,148	929,760	850,368	79,392
Total Commissioners-Other	1,184,748	1,460,136	1,341,489	118,647
Jail Transition Team				
Personal Services	-	8,927	8,927	-
Total Jail Transition Team	-	8,927	8,927	-
Board of Elections				
Personal Services	972,292	1,000,134	999,837	297
Materials and Supplies	91,954	130,062	130,010	52
Contractual Services	324,797	270,489	270,321	168
Total Board of Elections	1,389,043	1,400,685	1,400,168	517
Prosecuting Attorney				
Personal Services	3,077,325	3,079,143	3,034,452	44,691
Materials and Supplies	33,708	38,324	37,187	1,137
Contractual Services	57,447	72,625	68,349	4,276
Other	85,376	85,515	84,563	952
Total Prosecuting Attorney	3,253,856	3,275,607	3,224,551	51,056

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
CSEA Prosecutor				
Personal Services	\$ 213,523	\$ 213,764	\$ 207,995	\$ 5,769
Materials and Supplies	3,000	3,000	3,000	-
Contractual Services	13,748	20,276	20,240	36
Other	5,500	6,231	6,113	118
Total CSEA Prosecutor	235,771	243,271	237,348	5,923
Prosecutor Gun Control				
Personal Services	58,694	58,694	58,412	282
Total Prosecutor Gun Control	58,694	58,694	58,412	282
Recorder				
Personal Services	760,126	783,935	776,783	7,152
Materials and Supplies	9,000	9,000	8,794	206
Contractual Services	7,350	713,371	709,769	3,602
Other	7,500	7,500	6,338	1,162
Total Recorder	783,976	1,513,806	1,501,684	12,122
Treasurer				
Personal Services	918,975	918,975	914,775	4,200
Materials and Supplies	24,800	24,800	24,142	658
Contractual Services	86,051	79,180	77,388	1,792
Other	4,200	179,050	168,507	10,543
Total Treasurer	1,034,026	1,202,005	1,184,812	17,193
Total General Government:				
Legislative and Executive	18,932,693	21,311,983	20,601,445	710,538
General Government:				
Judicial				
Area Courts				
Personal Services	970,249	979,802	965,096	14,706
Materials and Supplies	22,194	20,194	18,891	1,303
Contractual Services	102,233	146,717	124,305	22,412
Other	14,000	14,500	14,238	262
Total Area Courts	1,108,676	1,161,213	1,122,530	38,683
Clerk of Courts				
Personal Services	1,089,165	1,074,165	1,055,701	18,464
Materials and Supplies	40,947	50,947	50,185	762
Contractual Services	17,730	17,730	17,697	33
Other	600	5,600	5,425	175
Total Clerk of Courts	1,148,442	1,148,442	1,129,008	19,434
Asbestos Litigation				
Personal Services	27,531	32,486	30,164	2,322
Total Asbestos Litigation	27,531	32,486	30,164	2,322

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Common Pleas Court				
Personal Services	\$ 1,338,150	\$ 1,327,220	\$ 1,199,442	\$ 127,778
Materials and Supplies	18,267	18,267	18,253	14
Contractual Services	1,119,884	1,109,384	994,058	115,326
Other	31,674	31,673	31,612	61
Total Common Pleas Court	2,507,975	2,486,544	2,243,365	243,179
Court Services				
Personal Services	402,743	402,743	385,719	17,024
Materials and Supplies	1,282	1,282	1,055	227
Contractual Services	126,056	124,056	124,050	6
Other	5,000	5,000	4,997	3
Total Court Services	535,081	533,081	515,821	17,260
Domestic Relations Court				
Personal Services	1,566,141	1,554,305	1,546,194	8,111
Materials and Supplies	29,899	24,680	24,579	101
Contractual Services	46,338	68,669	67,605	1,064
Other	37,153	32,153	30,652	1,501
Total Domestic Relations Court	1,679,531	1,679,807	1,669,030	10,777
Parenting Education				
Contractual Services	-	36,000	34,810	1,190
Total Parenting Education	-	36,000	34,810	1,190
Juvenile Court				
Personal Services	2,298,592	2,243,992	2,228,220	15,772
Materials and Supplies	68,659	86,659	84,964	1,695
Contractual Services	1,016,913	1,258,550	1,239,151	19,399
Capital Outlay	-	27,000	21,600	5,400
Other	14,608	14,651	14,584	67
Total Juvenile Court	3,398,772	3,630,852	3,588,519	42,333
Probate Court				
Personal Services	656,450	656,473	638,546	17,927
Materials and Supplies	31,902	23,901	23,683	218
Contractual Services	26,000	29,000	24,938	4,062
Other	3,650	3,650	3,590	60
Total Probate Court	718,002	713,024	690,757	22,267
Court of Appeals				
Personal Services	215,164	215,164	206,639	8,525
Materials and Supplies	27,712	27,712	23,218	4,494
Contractual Services	434,024	428,593	221,187	207,406
Other	44,356	44,356	33,721	10,635
Total Court of Appeals	721,256	715,825	484,765	231,060

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Municipal Courts				
Personal Services	\$ 319,200	\$ 351,572	\$ 311,347	\$ 40,225
Contractual Services	332,500	340,000	334,795	5,205
Other	500	7,642	-	7,642
Total Municipal Courts	652,200	699,214	646,142	53,072
Total General Government:				
Judicial	12,497,466	12,836,488	12,154,911	681,577
Public Safety				
Adult Probation				
Personal Services	1,546,039	1,533,647	1,470,320	63,327
Materials and Supplies	120,139	113,639	113,607	32
Contractual Services	40,819	45,819	45,337	482
Other	8,000	8,000	7,801	199
Total Adult Probation	1,714,997	1,701,105	1,637,065	64,040
Butler Clermont Warren Corrections Facility				
Personal Services	26,136	30,529	29,867	662
Total BCW Corrections Facility	26,136	30,529	29,867	662
Criminal Justice Board				
Personal Services	42,980	45,350	45,313	37
Materials and Supplies	500	200	-	200
Contractual Services	2,500	410	54	356
Other	500	120	-	120
Total Criminal Justice Board	46,480	46,080	45,367	713
Coroner				
Personal Services	479,699	480,341	475,022	5,319
Materials and Supplies	6,000	6,458	6,319	139
Contractual Services	4,000	4,000	2,990	1,010
Other	201,059	226,444	221,628	4,816
Total Coroner	690,758	717,243	705,959	11,284
Juvenile Facilities				
Personal Services	1,623,252	1,614,252	1,608,754	5,498
Materials and Supplies	159,184	127,515	124,041	3,474
Contractual Services	58,327	67,327	59,757	7,570
Capital Outlay	-	19,000	19,000	
Other	36,299	35,299	31,702	3,597
Total Juvenile Facilities	1,877,062	1,863,393	1,843,254	20,139
Sheriffs Academy				
Materials and Supplies	4,000	4,000	3,914	86
Contractual Services	10,700	10,700	9,964	736
Other	13,600	13,600	12,939	661
Total Sheriffs Academy	28,300	28,300	26,817	1,483

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Sheriffs Resolutions				
Personal Services	\$ 1,672,046	\$ 1,746,828	\$ 1,740,554	\$ 6,274
Contractual Services	2,766,074	5,114,574	4,734,657	379,917
Capital Outlay	1,781	1,781	1,753	28
Other	4,087	4,087	3,922	165
Total Sheriffs Resolutions	4,443,988	6,867,270	6,480,886	386,384
Sheriff				
Personal Services	13,487,094	14,190,185	14,158,822	31,363
Materials and Supplies	312,926	294,883	294,434	449
Contractual Services	404,529	423,876	421,967	1,909
Capital Outlay	-	39,000	38,989	11
Other	261,736	266,036	265,332	704
Total Sheriff	14,466,285	15,213,980	15,179,544	34,436
Paramedics				
Personal Services	486,928	488,728	488,134	594
Materials and Supplies	10,150	7,029	7,029	-
Contractual Services	646,761	742,881	741,682	1,199
Total Paramedics	1,143,839	1,238,638	1,236,845	1,793
Montgomery County Contract				
Personal Services	689,200	-	-	-
Contractual Services	800,000	-	-	-
Other	10,800	-	-	-
Total Montgomery County Contract	1,500,000	-	-	-
Total Public Safety	25,937,845	27,706,538	27,185,604	520,934
Public Works				
Solid Waste Landfill				
Contractual Services	70,942	70,492	34,340	36,152
Total Solid Waste Landfill	70,942	70,492	34,340	36,152
Engineers-Plat Room				
Personal Services	155,030	164,030	159,106	4,924
Total Engineers-Plat Room	155,030	164,030	159,106	4,924
Total Public Works	225,972	234,522	193,446	41,076
Health				
Other-Health				
Contractual Services	345,903	465,903	464,905	998
Other	17,000	17,000	-	17,000
Total Other-Health	362,903	482,903	464,905	17,998

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Registration Vital Statistics				
Other	\$ 6,650	\$ 6,590	\$ -	\$ 6,590
Total Registration Vital Statistics	6,650	6,590	-	6,590
Total Health	369,553	489,493	464,905	24,588
Human Services				
Veterans Memorial				
Contractual Services	15,000	14,800	13,888	912
Other	5,000	5,000	4,564	436
Total Veterans Memorial	20,000	19,800	18,452	1,348
Veterans Services				
Personal Services	458,360	469,279	464,728	4,551
Materials and Supplies	6,021	6,021	5,256	765
Contractual Services	29,000	32,377	29,834	2,543
Other	391,377	414,644	404,523	10,121
Total Veterans Services	884,758	922,321	904,341	17,980
Total Human Services	904,758	942,121	922,793	19,328
Conservation and Recreation				
Agricultural				
Contractual Services	3,000	3,000	2,781	219
Other	445,904	445,904	445,904	-
Total Agricultural	448,904	448,904	448,685	219
Historical Society				
Other	29,100	29,100	29,100	-
Total Historical Society	29,100	29,100	29,100	-
Emergency Management				
Other	53,000	55,000	54,186	814
Total Emergency Management	53,000	55,000	54,186	814
Total Conservation and Recreation	531,004	533,004	531,971	1,033
Debt Service:				
Principal Retirement	-	2,940,000	2,836,425	103,575
Interest and Fiscal Charges	-	3,693,426	3,562,022	131,404
Total Debt Service	-	6,633,426	6,398,447	234,979
Total Expenditures	59,399,291	70,687,575	68,453,522	2,234,053
Excess of Revenues Over (Under) Expenditures	2,013,709	(4,422,294)	(1,469,656)	2,952,638

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses):				
Other Financing Sources	\$ 4,687,000	\$ 1,962,389	\$ 1,974,726	\$ 12,337
Other Financing Uses	-	(90,576)	(90,576)	-
Proceeds of Notes	-	355,000	355,000	-
Premium on Debt Issued	-	-	1,370	1,370
Advances - In	-	488,313	559,075	70,762
Advances - Out	-	(653,830)	(653,830)	-
Transfers - In	-	300,000	491,324	191,324
Transfers - Out	(7,329,781)	(1,982,702)	(1,981,794)	908
Total Other Financing Sources (Uses)	<u>(2,642,781)</u>	<u>378,594</u>	<u>655,295</u>	<u>276,701</u>
Net Change in Fund Balance	(629,072)	(4,043,700)	(814,361)	3,229,339
Fund Balance at Beginning of Year	9,776,611	9,776,611	9,776,611	-
Prior Year Encumbrances Appropriated	748,405	748,405	748,405	-
Fund Balance at End of Year	<u>\$ 9,895,944</u>	<u>\$ 6,481,316</u>	<u>\$ 9,710,655</u>	<u>\$ 3,229,339</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Mental Retardation-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 15,762,000	\$ 14,357,853	\$ 14,342,783	\$ (15,070)
Charges for Services	485,000	420,631	447,634	27,003
Intergovernmental	9,990,000	8,627,447	9,139,600	512,153
Other	474,500	12,024	75,222	63,198
Total Revenues	26,711,500	23,417,955	24,005,239	587,284
Expenditures:				
Current:				
Health				
Mental Retardation				
Personal Services	16,256,000	16,250,500	15,157,442	1,093,058
Materials and Supplies	894,366	1,134,366	796,398	337,968
Contractual Services	10,088,997	9,178,949	8,458,378	720,571
Capital Outlay	1,768,158	1,448,158	1,394,465	53,693
Other	1,394,487	1,031,430	796,457	234,973
Total Expenditures	30,402,008	29,043,403	26,603,140	2,440,263
Excess of Revenues (Under) Expenditures	(3,690,508)	(5,625,448)	(2,597,901)	3,027,547
Other Financing Sources:				
Other Financing Sources	260,600	37,487	41,882	4,395
Total Other Financing Sources	260,600	37,487	41,882	4,395
Net Change in Fund Balance	(3,429,908)	(5,587,961)	(2,556,019)	3,031,942
Fund Balance at Beginning of Year	7,010,864	7,010,864	7,010,864	-
Prior Year Encumbrances Appropriated	1,855,008	1,855,008	1,855,008	-
Fund Balance at End of Year	\$ 5,435,964	\$ 3,277,911	\$ 6,309,853	\$ 3,031,942

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Job and Family Services-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ -	\$ 49,105	\$ 49,105	\$ -
Intergovernmental	23,499,000	22,428,817	23,442,178	1,013,361
Other	1,215,000	1,069,135	1,148,854	79,719
Total Revenues	24,714,000	23,547,057	24,640,137	1,093,080
Expenditures:				
Current:				
Human Services				
Job and Family Services				
Personal Services	9,107,000	8,704,233	8,671,981	32,252
Materials and Supplies	413,004	286,260	270,335	15,925
Contractual Services	16,780,181	17,469,815	17,089,167	380,648
Capital Outlay	131,575	10,776	3,315	7,461
Other	956,946	1,093,567	1,059,486	34,081
Total Expenditures	27,388,706	27,564,651	27,094,284	470,367
Excess of Revenues (Under) Expenditures	(2,674,706)	(4,017,594)	(2,454,147)	1,563,447
Other Financing Sources:				
Other Financing Sources	5,000	47,761	48,184	423
Transfers - In	1,275,000	1,275,182	1,275,182	-
Total Other Financing Sources	1,280,000	1,322,943	1,323,366	423
Net Change in Fund Balance	(1,394,706)	(2,694,651)	(1,130,781)	1,563,870
Fund Balance at Beginning of Year	1,974,991	1,974,991	1,974,991	-
Prior Year Encumbrances Appropriated	1,395,706	1,395,706	1,395,706	-
Fund Balance at End of Year	\$ 1,975,991	\$ 676,046	\$ 2,239,916	\$ 1,563,870

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Children Services Board-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 7,700,000	\$ 7,886,624	\$ 7,886,624	\$ -
Intergovernmental	9,832,647	11,318,841	11,705,242	386,401
Other	5,000	43,199	43,199	-
Total Revenues	17,537,647	19,248,664	19,635,065	386,401
Expenditures:				
Current:				
Human Services				
Children Services				
Personal Services	8,610,603	7,931,720	7,513,841	417,879
Materials and Supplies	67,342	67,342	57,792	9,550
Contractual Services	9,716,313	11,594,748	11,331,237	263,511
Capital Outlay	55,968	45,968	21,718	24,250
Other	1,128,443	1,056,803	861,460	195,343
Total Expenditures	19,578,669	20,696,581	19,786,048	910,533
Excess of Revenues (Under) Expenditures	(2,041,022)	(1,447,917)	(150,983)	1,296,934
Other Financing Sources:				
Other Financing Sources	5,000	7,606	7,606	-
Total Other Financing Sources	5,000	7,606	7,606	-
Net Change in Fund Balance	(2,036,022)	(1,440,311)	(143,377)	1,296,934
Fund Balance at Beginning of Year	35,141	35,141	35,141	-
Prior Year Encumbrances Appropriated	2,002,642	2,002,642	2,002,642	-
Fund Balance at End of Year	\$ 1,761	\$ 597,472	\$ 1,894,406	\$ 1,296,934

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Bond Retirement-Debt Service Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Special Assessments	\$ 1,108,000	\$ 1,617,401	\$ 1,618,253	\$ 852
Total Revenues	1,108,000	1,617,401	1,618,253	852
Expenditures:				
Debt Service:				
Principal Retirement	7,638,848	759,800	755,000	4,800
Interest and Fiscal Charges	10,793,632	687,074	687,039	35
Total Expenditures	18,432,480	1,446,874	1,442,039	4,835
Excess of Revenues Over (Under) Expenditures	(17,324,480)	170,527	176,214	5,687
Other Financing Sources (Uses):				
Proceeds of Notes	12,000	-	-	-
Advances - In	-	540	540	-
Advances - Out	-	(77,460)	(77,460)	-
Transfers - In	17,100,000	-	-	-
Transfers - Out	-	(417,362)	(416,324)	1,038
Total Other Financing Sources (Uses)	17,112,000	(494,282)	(493,244)	1,038
Net Change in Fund Balance	(212,480)	(323,755)	(317,030)	6,725
Fund Balance at Beginning of Year	1,207,781	1,207,781	1,207,781	-
Fund Balance at End of Year	\$ 995,301	\$ 884,026	\$ 890,751	\$ 6,725

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Buildings Construction and Renovations-Capital Projects Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 250,000	\$ 301,049	\$ 301,836	\$ 787
Interest	-	35,828	36,093	265
Total Revenues	250,000	336,877	337,929	1,052
Expenditures:				
Capital Outlay				
Buildings Construction and Renovations				
Contractual Services	995,425	2,205,425	2,152,590	52,835
Capital Outlay	400,000	150,000	111,110	38,890
Debt Service:				
Principal Retirement	-	6,990,000	6,990,000	-
Interest and Fiscal Charges	-	138,959	138,959	-
Total Expenditures	1,395,425	9,484,384	9,392,659	91,725
Excess of Revenues (Under) Expenditures	(1,145,425)	(9,147,507)	(9,054,730)	92,777
Other Financing Sources (Uses):				
Other Financing Sources	-	14,096	14,096	-
Proceeds of Notes	-	7,235,979	7,236,500	521
Premium on Debt Issued	-	35,812	35,812	-
Advances - Out	-	(25,000)	(25,000)	-
Transfers - In	-	284,552	284,552	-
Total Other Financing Sources (Uses)	-	7,545,439	7,545,960	521
Net Change in Fund Balance	(1,145,425)	(1,602,068)	(1,508,770)	93,298
Fund Balance at Beginning of Year	1,124,555	1,124,555	1,124,555	-
Prior Year Encumbrances Appropriated	595,425	595,425	595,425	-
Fund Balance at End of Year	\$ 574,555	\$ 117,912	\$ 211,210	\$ 93,298

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Road Improvement -Capital Projects Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 689,765	\$ 689,765	\$ -
Special Assessments	60,000	211,265	211,265	-
Interest	-	12,349	12,867	518
Other	-	51,022	50,321	(701)
Total Revenues	60,000	964,401	964,218	(183)
Expenditures:				
Capital Outlay				
Road Improvement				
Contractual Services	1,054,327	2,740,409	2,436,595	303,814
Debt Service:				
Principal Retirement	-	17,925,000	17,925,000	-
Interest and Fiscal Charges	60,000	348,870	348,870	-
Total Expenditures	1,114,327	21,014,279	20,710,465	303,814
Excess of Revenues (Under) Expenditures	(1,054,327)	(20,049,878)	(19,746,247)	303,631
Other Financing Sources (Uses):				
Other Financing Sources	-	157,802	157,802	-
Proceeds of Notes	-	18,995,830	19,000,000	4,170
Advances - In	-	31,188	31,188	-
Advances - Out	-	(60,615)	(60,615)	-
Premium on Debt Issued	-	109,088	109,088	-
Transfers - In	-	167,669	167,669	-
Total Other Financing Sources (Uses)	-	19,400,962	19,405,132	4,170
Net Change in Fund Balance	(1,054,327)	(648,916)	(341,115)	307,801
Fund Balance at Beginning of Year	1,108,548	1,108,548	1,108,548	-
Prior Year Encumbrances Appropriated	46,327	46,327	46,327	-
Fund Balance at End of Year	\$ 100,548	\$ 505,959	\$ 813,760	\$ 307,801

Butler County, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity-Budget and Actual
Sewer -Enterprise Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 17,100,800	\$ 16,298,569	\$ 16,539,680	\$ 241,111
Special Assessments	386,000	274,304	274,304	-
Other Non-Operating Revenues	4,645,600	8,057,446	8,205,224	147,778
Other Operating Revenues	230,000	482,237	482,237	-
Premium on Debt Issued	-	16,936	16,936	-
Proceeds of Notes	-	3,584,106	3,585,000	894
Total Revenues	22,362,400	28,713,598	29,103,381	389,783
Expenses:				
Personal Services	6,105,980	6,237,127	5,786,715	450,412
Contractual Services	19,229,498	21,468,919	13,583,385	7,885,534
Materials and Supplies	1,036,660	937,554	736,983	200,571
Other Operating Expenses	1,767,084	2,139,888	1,436,783	703,105
Capital Outlay	1,314,404	1,616,784	889,824	726,960
Debt Service:				
Principal Retirement	-	5,211,100	4,956,666	254,434
Interest and Fiscal Charges	145,000	3,315,704	2,912,341	403,363
Total Expenses	29,598,626	40,927,076	30,302,697	10,624,379
Excess of Revenues (Under) Expenses	(7,236,226)	(12,213,478)	(1,199,316)	11,014,162
Transfers - In	4,488,000	-	-	-
Transfers - Out	(10,988,000)	(2,597,741)	-	2,597,741
Net Change in Fund Equity	(13,736,226)	(14,811,219)	(1,199,316)	13,611,903
Fund Equity at Beginning of Year	21,240,829	21,240,829	21,240,829	-
Prior Year Encumbrances Appropriated	2,244,742	2,244,742	2,244,742	-
Fund Equity at End of Year	\$ 9,749,345	\$ 8,674,352	\$ 22,286,255	\$ 13,611,903

Butler County, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity-Budget and Actual
Water -Enterprise Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 17,123,660	\$ 17,117,816	\$ 17,023,210	\$ (94,606)
Special Assessments	152,000	134,536	134,536	-
Interest Income	-	32,974	32,974	-
Grants	-	215,877	215,877	-
Other Non-Operating Revenues	3,502,000	3,781,223	3,780,423	(800)
Other Operating Revenues	160,000	2,240,892	2,271,136	30,244
Premium on Debt Issued	46,378	30,625	30,625	-
Proceeds of Notes	5,200,000	4,830,779	4,830,000	(779)
Total Revenues	26,184,038	28,384,722	28,318,781	(65,941)
Expenses:				
Personal Services	3,928,090	4,108,932	3,781,004	327,928
Contractual Services	9,796,785	22,752,516	17,941,101	4,811,415
Materials and Supplies	10,793,674	1,237,419	494,539	742,880
Other Operating Expenses	460,093	608,135	498,852	109,283
Capital Outlay	362,720	531,705	375,192	156,513
Debt Service:				
Principal Retirement	-	1,272,767	1,170,680	102,087
Interest and Fiscal Charges	-	3,268,419	2,967,026	301,393
Total Expenses	25,341,362	33,779,893	27,228,394	6,551,499
Excess of Revenues Over (Under) Expenses	842,676	(5,395,171)	1,090,387	6,485,558
Transfers - In	336,000	-	-	-
Transfers - Out	(3,086,000)	(2,164,913)	-	2,164,913
Net Change in Fund Equity	(1,907,324)	(7,560,084)	1,090,387	8,650,471
Fund Equity at Beginning of Year	9,502,110	9,502,110	9,502,110	-
Prior Year Encumbrances Appropriated	1,308,501	1,308,501	1,308,501	-
Fund Equity at End of Year	\$ 8,903,287	\$ 3,250,527	\$ 11,900,998	\$ 8,650,471

Butler County, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity-Budget and Actual
GSC Parking Facility-Enterprise Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 132,000	\$ 174,692	\$ 173,456	\$ (1,236)
Other Non-Operating Revenues	-	5,308	5,308	-
Total Revenues	132,000	180,000	178,764	(1,236)
Expenses:				
Personal Services	61,733	58,183	58,222	(39)
Contractual Services	18,000	19,150	16,235	2,915
Materials and Supplies	7,000	5,000	2,559	2,441
Other Operating Expenses	4,750	123,750	123,644	106
Total Expenses	91,483	206,083	200,660	5,423
Net Change in Fund Equity	40,517	(26,083)	(21,896)	4,187
Fund Equity at Beginning of Year	26,092	26,092	26,092	-
Fund Equity at End of Year	\$ 66,609	\$ 9	\$ 4,196	\$ 4,187

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Real Estate Assessment-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 2,650,000	\$ 2,969,709	\$ 2,974,305	\$ 4,596
Other	-	535	9,945	9,410
Total Revenues	2,650,000	2,970,244	2,984,250	14,006
Expenditures:				
Current:				
General Government:				
Legislative and Executive				
Real Estate Assessment				
Personal Services	2,261,798	2,191,827	2,144,558	47,269
Materials and Supplies	101,984	242,455	239,326	3,129
Contractual Services	212,565	278,030	271,037	6,993
Capital Outlay	118,095	242,865	242,865	-
Other	12,000	31,265	29,298	1,967
Total Expenditures	2,706,442	2,986,442	2,927,084	59,358
Excess of Revenues Over (Under) Expenditures	(56,442)	(16,198)	57,166	73,364
Other Financing Sources:				
Other Financing Sources	120,000	756	766	10
Total Other Financing Sources	120,000	756	766	10
Net Change in Fund Balance	63,558	(15,442)	57,932	73,374
Fund Balance at Beginning of Year	457,986	457,986	457,986	-
Prior Year Encumbrances Appropriated	51,691	51,691	51,691	-
Fund Balance at End of Year	\$ 573,235	\$ 494,235	\$ 567,609	\$ 73,374

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
All Other Legislative and Executive-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 322,000	\$ 355,354	\$ 355,442	\$ 88
Charges for Services	2,477,328	3,110,116	3,134,714	24,598
Intergovernmental	18,000	74,495	75,109	614
Interest	103,000	9,878	9,878	-
Other	-	6,016	8,121	2,105
Total Revenues	2,920,328	3,555,859	3,583,264	27,405
Expenditures:				
Current:				
General Government:				
Legislative and Executive				
Other Legislative and Executive				
Personal Services	1,938,541	2,037,975	1,975,017	62,958
Materials and Supplies	74,306	100,019	90,535	9,484
Contractual Services	179,883	252,444	232,203	20,241
Capital Outlay	393,964	651,464	609,542	41,922
Other	357,143	400,543	373,825	26,718
Total Expenditures	2,943,837	3,442,445	3,281,122	161,323
Excess of Revenues Over (Under) Expenditures	(23,509)	113,414	302,142	188,728
Other Financing Sources (Uses):				
Other Financing Sources	-	118	436	318
Advances - Out	-	(116,000)	(116,000)	-
Transfers - Out	-	(75,000)	(75,000)	-
Total Other Financing Sources (Uses)	-	(190,882)	(190,564)	318
Net Change in Fund Balance	(23,509)	(77,468)	111,578	189,046
Fund Balance at Beginning of Year	1,673,552	1,673,552	1,673,552	-
Prior Year Encumbrances Appropriated	7,976	7,976	7,976	-
Fund Balance at End of Year	\$ 1,658,019	\$ 1,604,060	\$ 1,793,106	\$ 189,046

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
All Other Judicial-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 1,165,840	\$ 1,213,568	\$ 1,241,350	\$ 27,782
Fines and Forfeitures	22,000	97,000	98,974	1,974
Other	-	-	1,696	1,696
Total Revenues	1,187,840	1,310,568	1,342,020	31,452
Expenditures:				
Current:				
General Government:				
Judicial				
Other Judicial				
Personal Services	567,164	592,928	533,545	59,383
Materials and Supplies	53,573	146,573	107,639	38,934
Contractual Services	287,352	258,921	210,162	48,759
Capital Outlay	278,349	451,640	380,924	70,716
Other	130,568	142,567	97,668	44,899
Total Expenditures	1,317,006	1,592,629	1,329,938	262,691
Excess of Revenues Over (Under) Expenditures	(129,166)	(282,061)	12,082	294,143
Other Financing Sources:				
Other Financing Sources	-	633	654	21
Transfers - In	-	75,000	75,000	-
Total Other Financing Sources	-	75,633	75,654	21
Net Change in Fund Balance	(129,166)	(206,428)	87,736	294,164
Fund Balance at Beginning of Year	2,103,778	2,103,778	2,103,778	-
Prior Year Encumbrances Appropriated	36,882	36,882	36,882	-
Fund Balance at End of Year	\$ 2,011,494	\$ 1,934,232	\$ 2,228,396	\$ 294,164

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
All Other Public Safety-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 134,784	\$ 846,384	\$ 869,020	\$ 22,636
Fines and Forfeitures	25,000	4,400	4,543	143
Intergovernmental	3,929,568	6,306,391	6,304,714	(1,677)
Other	20,000	3,615	15,359	11,744
Total Revenues	4,109,352	7,160,790	7,193,636	32,846
Expenditures:				
Current:				
Public Safety				
Other Public Safety				
Personal Services	3,537,395	3,482,830	3,060,590	422,240
Materials and Supplies	245,408	1,000,581	886,507	114,074
Contractual Services	748,326	3,309,929	3,227,823	82,106
Capital outlay	41,460	112,591	86,796	25,795
Other	191,223	208,343	93,505	114,838
Total Expenditures	4,763,812	8,114,274	7,355,221	759,053
Excess of Revenues (Under) Expenditures	(654,460)	(953,484)	(161,585)	791,899
Other Financing Sources (Uses):				
Other Financing Sources	74,800	74,830	77,564	2,734
Advances - Out	-	(5,000)	(5,000)	-
Transfers - In	-	15,368	15,368	-
Total Other Financing Sources (Uses)	74,800	85,198	87,932	2,734
Net Change in Fund Balance	(579,660)	(868,286)	(73,653)	794,633
Fund Balance at Beginning of Year	1,843,662	1,843,662	1,843,662	-
Prior Year Encumbrances Appropriated	110,307	110,307	110,307	-
Fund Balance at End of Year	\$ 1,374,309	\$ 1,085,683	\$ 1,880,316	\$ 794,633

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Child Support Enforcement-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 800,000	\$ 948,266	\$ 948,266	\$ -
Intergovernmental	5,534,000	5,052,208	5,713,629	661,421
Other	28,000	39,706	63,890	24,184
Total Revenues	6,362,000	6,040,180	6,725,785	685,605
Expenditures:				
Current:				
Human Services				
Child Support Enforcement				
Personal Services	4,305,000	4,123,235	4,116,155	7,080
Materials and Supplies	110,000	85,000	78,246	6,754
Contractual Services	1,835,000	2,048,679	1,988,630	60,049
Capital Outlay	20,000	22,000	20,265	1,735
Other	293,963	185,151	183,680	1,471
Total Expenditures	6,563,963	6,464,065	6,386,976	77,089
Excess of Revenues Over (Under) Expenditures	(201,963)	(423,885)	338,809	762,694
Other Financing Sources:				
Other Financing Sources	-	97,820	97,820	-
Total Other Financing Sources	-	97,820	97,820	-
Net Change in Fund Balance	(201,963)	(326,065)	436,629	762,694
Fund Balance at Beginning of Year	324,146	324,146	324,146	-
Prior Year Encumbrances Appropriated	1,963	1,963	1,963	-
Fund Balance at End of Year	\$ 124,146	\$ 44	\$ 762,738	\$ 762,694

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Motor Vehicle-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 2,152,000	\$ 2,272,365	\$ 2,272,365	\$ -
Charges for Services	58,000	313,286	313,286	-
Fines and Forfeitures	324,000	279,034	279,034	-
Intergovernmental	13,157,000	10,379,190	10,659,597	280,407
Other	260,000	188,773	188,773	-
Total Revenues	15,951,000	13,432,648	13,713,055	280,407
Expenditures:				
Current:				
Public Works				
Motor Vehicle				
Personal Services	4,900,000	4,903,322	4,551,231	352,091
Materials and Supplies	960,293	1,015,292	744,621	270,671
Contractual Services	4,596,396	4,634,896	3,333,165	1,301,731
Capital Outlay	10,091,300	9,988,945	5,378,210	4,610,735
Other	168,145	177,000	156,132	20,868
Debt Service:				
Principal Retirement	-	760,000	760,000	-
Interest and Fiscal Charges	350,000	367,053	17,052	350,001
Total Expenditures	21,066,134	21,846,508	14,940,411	6,906,097
Excess of Revenues (Under) Expenditures	(5,115,134)	(8,413,860)	(1,227,356)	7,186,504
Other Financing Sources (Uses):				
Other Financing Sources	9,000	37,748	37,748	-
Proceeds of Notes	-	675,000	675,000	-
Premium on Debt Issued	-	2,604	2,604	-
Transfers - Out	-	(167,669)	(167,669)	-
Total Other Financing Sources (Uses)	9,000	547,683	547,683	-
Net Change in Fund Balance	(5,106,134)	(7,866,177)	(679,673)	7,186,504
Fund Balance at Beginning of Year	6,779,802	6,779,802	6,779,802	-
Prior Year Encumbrances Appropriated	1,856,513	1,856,513	1,856,513	-
Fund Balance at End of Year	\$ 3,530,181	\$ 770,138	\$ 7,956,642	\$ 7,186,504

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
All Other Public Works-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 137,400	\$ 262,269	\$ 262,269	\$ -
Intergovernmental	2,859,230	3,859,363	3,900,870	41,507
Special Assessments	160,000	178,700	178,711	11
Interest	63,700	46,548	48,241	1,693
Other	114,729	183,751	193,802	10,051
Total Revenues	3,335,059	4,530,631	4,583,893	53,262
Expenditures:				
Current:				
Public Works				
Other Public Works				
Personal Services	403,631	415,304	408,426	6,878
Materials and Supplies	8,458	12,858	8,649	4,209
Contractual Services	1,747,762	2,658,627	2,540,864	117,763
Capital Outlay	1,319,080	1,126,965	961,283	165,682
Other	720,717	770,317	553,610	216,707
Debt Service:				
Principal Retirement	-	2,030,000	2,030,000	-
Interest and Fiscal Charges	-	48,180	48,180	-
Total Expenditures	4,199,648	7,062,251	6,551,012	511,239
Excess of Revenues (Under) Expenditures	(864,589)	(2,531,620)	(1,967,119)	564,501
Other Financing Sources (Uses):				
Other Financing Sources	-	31,000	31,000	-
Proceeds of Notes	-	2,028,228	2,030,000	1,772
Advances - Out	-	(50,000)	(50,000)	-
Transfers - In	123,000	-	-	-
Transfers - Out	-	(48,180)	-	48,180
Total Other Financing Sources (Uses)	123,000	1,961,048	2,011,000	49,952
Net Change in Fund Balance	(741,589)	(570,572)	43,881	614,453
Fund Balance at Beginning of Year	1,549,656	1,549,656	1,549,656	-
Prior Year Encumbrances Appropriated	327,789	327,789	327,789	-
Fund Balance at End of Year	\$ 1,135,856	\$ 1,306,873	\$ 1,921,326	\$ 614,453

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Alcohol and Drug Addiction -Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 87,000	\$ 89,500	\$ 90,137	\$ 637
Intergovernmental	4,694,229	4,429,176	5,230,579	801,403
Other	106,747	81,800	83,355	1,555
Total Revenues	4,887,976	4,600,476	5,404,071	803,595
Expenditures:				
Current:				
Health				
Alcohol and Drug Addiction				
Personal Services	345,834	345,834	342,605	3,229
Materials and Supplies	4,060	4,060	1,758	2,302
Contractual Services	4,804,222	5,349,222	5,315,404	33,818
Other	80,080	80,080	69,918	10,162
Total Expenditures	5,234,196	5,779,196	5,729,685	49,511
Excess of Revenues (Under) Expenditures	(346,220)	(1,178,720)	(325,614)	853,106
Other Financing Sources:				
Transfers - In	110,000	-	-	-
Total Other Financing Sources	110,000	-	-	-
Net Change in Fund Balance	(236,220)	(1,178,720)	(325,614)	853,106
Fund Balance at Beginning of Year	1,223,151	1,223,151	1,223,151	-
Prior Year Encumbrances Appropriated	236,220	236,220	236,220	-
Fund Balance at End of Year	\$ 1,223,151	\$ 280,651	\$ 1,133,757	\$ 853,106

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Mental Health-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 1,847,258	\$ 1,886,837	\$ 1,886,837	\$ -
Charges for Services	-	40,952	40,952	-
Intergovernmental	13,369,717	13,822,200	14,038,707	216,507
Other	707,100	587,977	587,977	-
Total Revenues	<u>15,924,075</u>	<u>16,337,966</u>	<u>16,554,473</u>	<u>216,507</u>
Expenditures:				
Current:				
Health				
Mental Health				
Personal Services	828,716	731,758	728,598	3,160
Materials and Supplies	37,900	17,899	15,160	2,739
Contractual Services	16,383,120	16,852,913	16,641,148	211,765
Capital Outlay	5,000	5,000	-	5,000
Other	12,842	12,842	12,094	748
Total Expenditures	<u>17,267,578</u>	<u>17,620,412</u>	<u>17,397,000</u>	<u>223,412</u>
Excess of Revenues (Under) Expenditures	<u>(1,343,503)</u>	<u>(1,282,446)</u>	<u>(842,527)</u>	<u>439,919</u>
Other Financing Sources:				
Other Financing Sources	2,000	128,309	128,309	-
Total Other Financing Sources	<u>2,000</u>	<u>128,309</u>	<u>128,309</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,341,503)</u>	<u>(1,154,137)</u>	<u>(714,218)</u>	<u>439,919</u>
Fund Balance at Beginning of Year	552,634	552,634	552,634	-
Prior Year Encumbrances Appropriated	841,503	841,503	841,503	-
Fund Balance at End of Year	<u>\$ 52,634</u>	<u>\$ 240,000</u>	<u>\$ 679,919</u>	<u>\$ 439,919</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
All Other Health-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Licenses and Permits	\$ 400,000	\$ 346,342	\$ 358,971	\$ 12,629
Fines and Forfeitures	10,000	20,902	20,902	-
Other	-	1,256	1,256	-
Total Revenues	410,000	368,500	381,129	12,629
Expenditures:				
Current:				
Health				
Other Health				
Personal Services	236,200	252,246	251,989	257
Materials and Supplies	14,950	7,600	7,060	540
Contractual Services	1,750	-	-	-
Other	141,520	163,774	163,649	125
Total Expenditures	394,420	423,620	422,698	922
Excess of Revenues Over (Under) Expenditures	15,580	(55,120)	(41,569)	13,551
Other Financing Sources (Uses):				
Advances - In	50,000	50,000	50,000	-
Advances - Out	(75,000)	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	(25,000)	25,000	25,000	-
Net Change in Fund Balance	(9,420)	(30,120)	(16,569)	13,551
Fund Balance at Beginning of Year	52,630	52,630	52,630	-
Prior Year Encumbrances Appropriated	570	570	570	-
Fund Balance at End of Year	\$ 43,780	\$ 23,080	\$ 36,631	\$ 13,551

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
County Care Facility-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 1,298,475	\$ 872,854	\$ 914,283	\$ 41,429
Intergovernmental	5,997,446	6,376,348	6,386,623	10,275
Other	9,000	5,719	30,101	24,382
Total Revenues	7,304,921	7,254,921	7,331,007	76,086
Expenditures:				
Current:				
Human Services				
County Care Facility				
Personal Services	5,707,248	5,609,135	5,535,437	73,698
Materials and Supplies	838,350	959,703	937,912	21,791
Contractual Services	597,706	812,819	747,748	65,071
Capital Outlay	78,074	205,721	184,968	20,753
Other	115,000	169,000	168,289	711
Total Expenditures	7,336,378	7,756,378	7,574,354	182,024
Net Change in Fund Balance	(31,457)	(501,457)	(243,347)	258,110
Fund Balance at Beginning of Year	626,233	626,233	626,233	-
Prior Year Encumbrances Appropriated	38,660	38,660	38,660	-
Fund Balance at End of Year	\$ 633,436	\$ 163,436	\$ 421,546	\$ 258,110

Butler County, Ohio
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance-Budget and Actual
 Elderly Services Levy-Special Revenue Fund
 Budget Basis
 For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 6,800,000	\$ 7,307,697	\$ 7,307,696	\$ (1)
Intergovernmental	800,000	799,900	799,906	6
Total Revenues	<u>7,600,000</u>	<u>8,107,597</u>	<u>8,107,602</u>	<u>5</u>
Expenditures:				
Current:				
Human Services				
Eldery Services Levy				
Contractual Services	7,500,037	8,956,083	8,956,083	-
Total Expenditures	<u>7,500,037</u>	<u>8,956,083</u>	<u>8,956,083</u>	<u>-</u>
Net Change in Fund Balance	99,963	(848,486)	(848,481)	5
Fund Balance at Beginning of Year	1,246,449	1,246,449	1,246,449	-
Prior Year Encumbrances Appropriated	37	37	37	-
Fund Balance at End of Year	<u>\$ 1,346,449</u>	<u>\$ 398,000</u>	<u>\$ 398,005</u>	<u>\$ 5</u>

Butler County, Ohio
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance-Budget and Actual
 Health Insurance-Special Revenue Fund
 Budget Basis
 For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ -	\$ -	\$ 7,133	\$ 7,133
Total Revenues	-	-	7,133	7,133
Expenditures:				
Current:				
General Government:				
Legislative and Executive				
Health Insurance				
Contractual Services	-	-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	7,133	7,133
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 7,133	\$ 7,133

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
All Other Human Services-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,559,474	\$ 1,122,578	\$ 1,122,804	\$ 226
Other	-	6,963	7,057	94
Total Revenues	1,559,474	1,129,541	1,129,861	320
Expenditures:				
Current:				
Human Services				
Other Human Services				
Personal Services	223,588	219,909	218,914	995
Materials and Supplies	2,520	2,661	1,853	808
Contractual Services	1,360,503	940,133	939,452	681
Capital Outlay	259	259	259	-
Other	16,754	27,382	21,678	5,704
Total Expenditures	1,603,624	1,190,344	1,182,156	8,188
Excess of Revenues (Under) Expenditures	(44,150)	(60,803)	(52,295)	8,508
Other Financing Sources				
Transfers - In	37,667	42,642	42,692	50
Total Other Financing Sources	37,667	42,642	42,692	50
Net Change in Fund Balance	(6,483)	(18,161)	(9,603)	8,558
Fund Balance at Beginning of Year	48,568	48,568	48,568	-
Prior Year Encumbrances Appropriated	406	406	406	-
Fund Balance at End of Year	\$ 42,491	\$ 30,813	\$ 39,371	\$ 8,558

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Capital Improvement-Capital Projects Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Other	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures:				
Capital Outlay				
Capital Improvement				
Capital Outlay	195,479	93,648	81,987	11,661
Total Expenditures	195,479	93,648	81,987	11,661
Excess of Revenues (Under) Expenditures	(195,479)	(93,648)	(81,987)	11,661
Other Financing Sources (Uses):				
Advances - Out	-	(200,000)	(200,000)	-
Transfers - In	195,000	275,000	275,000	-
Total Other Financing Sources (Uses)	195,000	75,000	75,000	-
Net Change in Fund Balance	(479)	(18,648)	(6,987)	11,661
Fund Balance at Beginning of Year	18,169	18,169	18,169	-
Prior Year Encumbrances Appropriated	479	479	479	-
Fund Balance at End of Year	\$ 18,169	\$ -	\$ 11,661	\$ 11,661

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Stormwater Management Study-Capital Projects Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Interest	\$ -	\$ 5,621	\$ 5,858	\$ 237
Total Revenues	<u>-</u>	<u>5,621</u>	<u>5,858</u>	<u>237</u>
Expenditures:				
Capital Outlay				
Stormwater Management Study				
Contractual Services	77,139	444,139	219,828	224,311
Debt Service:				
Principal Retirement	-	505,000	505,000	-
Interest and Fiscal Charges	-	11,331	11,331	-
Total Expenditures	<u>77,139</u>	<u>960,470</u>	<u>736,159</u>	<u>224,311</u>
Excess of Revenues (Under) Expenditures	<u>(77,139)</u>	<u>(954,849)</u>	<u>(730,301)</u>	<u>224,548</u>
Other Financing Sources:				
Proceeds of Notes	-	514,992	515,000	8
Premium on Debt Issued	-	1,987	1,987	-
Total Other Financing Sources	<u>-</u>	<u>516,979</u>	<u>516,987</u>	<u>8</u>
Net Change in Fund Balance	(77,139)	(437,870)	(213,314)	224,556
Fund Balance at Beginning of Year	367,159	367,159	367,159	-
Prior Year Encumbrances Appropriated	77,139	77,139	77,139	-
Fund Balance at End of Year	<u>\$ 367,159</u>	<u>\$ 6,428</u>	<u>\$ 230,984</u>	<u>\$ 224,556</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Technology-Capital Projects Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Interest	\$ -	\$ 3,573	\$ 3,573	\$ -
Other	-	-	624	624
Total Revenues	-	3,573	4,197	624
Expenditures:				
Capital Outlay				
Technology				
Personal Services	109,400	121,891	121,693	198
Contractual Services	35,000	146,350	138,755	7,595
Capital Outlay	142,217	148,465	148,453	12
Debt Service:				
Principal Retirement	-	6,960,000	6,960,000	-
Interest and Fiscal Charges	-	116,668	116,668	-
Total Expenditures	286,617	7,493,374	7,485,569	7,805
Excess of Revenues (Under) Expenditures	(286,617)	(7,489,801)	(7,481,372)	8,429
Other Financing Sources:				
Proceeds of Notes	-	7,053,400	7,053,500	100
Premium on Debt Issued	-	36,627	36,626	(1)
Transfers - In	-	14,000	14,000	-
Total Other Financing Sources	-	7,104,027	7,104,126	99
Net Change in Fund Balance	(286,617)	(385,774)	(377,246)	8,528
Fund Balance at Beginning of Year	362,126	362,126	362,126	-
Prior Year Encumbrances Appropriated	87,217	87,217	87,217	-
Fund Balance at End of Year	\$ 162,726	\$ 63,569	\$ 72,097	\$ 8,528

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Other Capital Improvement Funds-Capital Projects Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Interest	\$ -	\$ 7,414	\$ 8,098	\$ 684
Total Revenues	-	7,414	8,098	684
Expenditures:				
Capital Outlay				
Other Capital Improvement				
Contractual Services	-	2,800,000	2,800,000	-
Total Expenditures	-	2,800,000	2,800,000	-
Excess of Revenues (Under) Expenditures	-	(2,792,586)	(2,791,902)	684
Other Financing Sources:				
Proceeds of Notes	-	2,799,986	2,800,000	14
Premium on Debt Issued	-	5,208	5,208	-
Total Other Financing Sources	-	2,805,194	2,805,208	14
Net Change in Fund Balance	-	12,608	13,306	698
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ 12,608	\$ 13,306	\$ 698

Butler County, Ohio
 Schedule of Revenues, Expenses, and
 Changes in Fund Equity-Budget and Actual
 Workers Compensation -Internal Service Fund
 Budget Basis
 For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 850,000	\$ 834,155	\$ 834,440	\$ 285
Other Non-Operating Revenues	-	6,263	6,263	-
Other Operating Revenues	5,000	81,582	81,582	-
Total Revenues	855,000	922,000	922,285	285
Expenses:				
Personal Services	231,250	234,150	231,692	2,458
Contractual Services	252,500	281,932	276,613	5,319
Claims and Judgments	175,000	375,000	290,833	84,167
Other Operating Expenses	8,000	8,000	6,933	1,067
Other Non-Operating Expenses	-	495,277	495,277	-
Total Expenses	666,750	1,394,359	1,301,348	93,011
Net Change in Equity Balance	188,250	(472,359)	(379,063)	93,296
Fund Equity at Beginning of Year	2,526,168	2,526,168	2,526,168	-
Fund Equity at End of Year	\$ 2,714,418	\$ 2,053,809	\$ 2,147,105	\$ 93,296

Butler County, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity-Budget and Actual
Employee Health Insurance-Internal Service Fund
Budget Basis
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 9,530,000	\$ 10,557,898	\$ 10,468,794	\$ (89,104)
Total Revenues	<u>9,530,000</u>	<u>10,557,898</u>	<u>10,468,794</u>	<u>(89,104)</u>
Expenses:				
Personal Services	102,910	124,704	124,704	-
Contractual Services	9,480,000	11,355,937	11,355,754	183
Total Expenses	<u>9,582,910</u>	<u>11,480,641</u>	<u>11,480,458</u>	<u>183</u>
Excess of Revenues (Under) Expenses	(52,910)	(922,743)	(1,011,664)	(88,921)
Advances - In	-	572,102	572,102	-
Net Change in Fund Equity	(52,910)	(350,641)	(439,562)	(88,921)
Fund Equity at Beginning of Year	483,378	483,378	483,378	-
Fund Equity at End of Year	<u>\$ 430,468</u>	<u>\$ 132,737</u>	<u>\$ 43,816</u>	<u>\$ (88,921)</u>

STATISTICAL SECTION



A meter reader records a customer's monthly water usage with a touch read meter. The touch read meter eliminates the need to manually enter data and increases accuracy.



BCDES also utilizes radio wave meters which are more efficient than the touch read. By slowly driving down the street, readings are automatically transmitted into the data base in a digital format.



In 2003, BCDES' Customer Care call center, received nearly 36,000 calls.

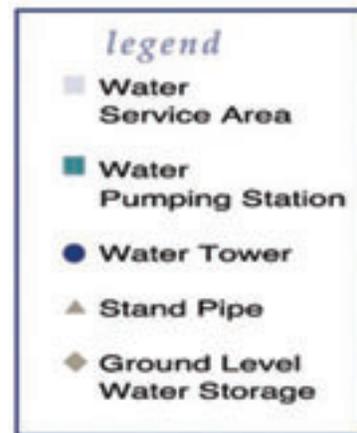
The Geographic Information System (GIS) provides information about locations of infrastructure. This web-based viewer allows employees to look at data from any location.



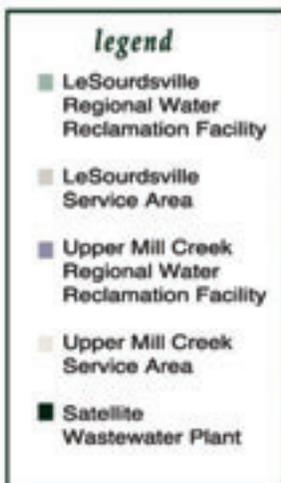
BCDES's service area maps.



Water



Wastewater



Butler County Department of Environmental Services provides service to over 35,000 customers through 626.88 miles of water pipes and 728.51 miles of sewer pipes throughout our service area.

STATISTICAL TABLES

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

Butler County, Ohio

General Fund Expenditures by Function

Last Ten Years

Table #1

Year	<u>General Government</u>									
	Legislative and Executive	Judicial	Public Safety	Public Works	Health	Human Services	Conservation and Recreation	Other Inter-governmental and Debt Service	Total Expenditures	
1994	\$ 8,250,327	\$ 5,814,540	\$ 9,845,767	\$ 92,178	\$ 369,014	\$ 825,370	\$ 260,948	\$ 249,430	\$ 25,707,574	
1995	9,463,817	6,431,142	11,257,948	60,851	381,280	815,905	178,780	3,001,858	31,591,581	
1996	9,875,616	7,393,837	12,007,300	89,939	421,404	834,051	331,748	8,469,931	39,423,826	
1997	11,405,024	7,970,550	15,032,125	304,231	431,165	697,480	363,291	1,194,977	37,398,843	
1998	11,715,040	8,537,836	16,491,138	132,104	465,723	637,902	410,878	3,608,423	41,999,044	
1999	15,882,253	9,338,592	18,123,975	560,725	226,008	536,729	446,976	1,639,532	46,754,790	
2000	19,656,468	9,432,738	20,042,889	1,363,732	256,306	618,284	460,000	2,721,104	54,551,521	
2001	16,677,516	10,127,737	22,079,882	706,687	361,115	773,668	487,768	2,498,272	53,712,645	
2002	16,415,210	10,999,926	23,595,889	699,836	405,580	735,596	520,722	2,303,932	55,676,691	
2003	21,242,009	11,143,923	26,901,568	182,599	492,938	933,727	531,971	2,304,562	63,733,297	

Source: Butler County Auditor

Butler County, Ohio

General Fund Revenues by Source

Table #2

Last Ten Years

Year	Taxes	Charges for Services	Licenses and Permits	Fines and Forfeitures	Inter-Governmental	Interest	Market Value Of Investments	Other Revenue	Total Revenue	Net Increase
										(Decrease) in Fair
1994	\$ 10,762,537	\$ 8,082,836	\$ 29,770	\$ 414,957	\$ 7,579,290	\$ 3,435,851	\$ -	\$ 160,631	\$ 30,465,872	
1995	14,955,329	7,572,720	31,925	527,690	8,216,326	4,588,684	-	147,496	36,040,170	
1996	19,191,677	8,633,088	29,345	547,684	8,645,138	4,470,120	-	204,546	41,721,598	
1997	20,576,274	9,368,048	30,770	612,973	6,313,690	4,533,974	296,905	196,361	41,928,995	
1998	21,612,489	11,456,868	28,660	733,919	7,309,054	6,569,217	58,276	228,643	47,997,126	
1999	23,425,639	11,955,350	27,748	705,753	7,789,996	5,856,076	(1,542,196)	95,802	48,314,168	
2000	25,663,966	12,597,086	29,286	1,360,883	8,366,906	6,979,162	1,622,284	594,972	57,214,545	
2001	26,511,429	13,623,090	22,680	993,498	8,171,414	6,537,455	1,007,475	1,756,965	58,624,006	
2002	25,897,508	13,161,903	20,665	1,106,088	10,163,295	4,684,763	(257,478)	1,306,340	56,083,084	
2003	29,542,959	25,920,096	27,126	1,236,123	7,800,798	2,707,335	(746,510)	721,160	67,209,087	

Source: Butler County Auditor

Butler County, Ohio

Property Tax Levies and Collections - Real and Public Utility Taxes

Table #3

Last Ten Years		Percent of									
Tax Year (1)	Collection Year	Current Tax Levy (2)	Current Tax Collections (3)	Percent Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax To Current Tax Levy	Outstanding Delinquent Taxes (4)	Outstanding Delinquent Taxes To Current Tax Levy	Percent of Total Tax Collections To Current Tax Levy	Percent of Outstanding Delinquent Taxes To Current Tax Levy
1993	1994	\$ 21,895,500	\$ 20,939,285	95.63%	\$ 802,030	\$ 21,741,315	99.30%	\$ 1,311,816	5.99%		
1994	1995	22,563,700	21,926,704	97.18	622,713	22,549,417	99.94	1,326,099	5.88		
1995	1996	23,218,578	22,571,544	97.21	584,343	23,155,887	99.73	1,388,790	5.98		
1996	1997	28,283,906	27,489,724	97.19	681,121	28,170,845	99.60	1,501,851	5.31		
1997	1998	28,283,906	28,152,592	99.54	686,905	28,839,497	101.96	946,260	3.35		
1998	1999	29,948,107	29,250,458	97.67	851,008	30,101,466	100.51	792,901	2.65		
1999	2000	32,781,175	30,576,335	93.27	708,757	31,285,092	95.44	2,288,984	6.98		
2000	2001	36,710,203	35,296,717	96.15	924,003	36,220,720	98.67	2,778,467	7.57		
2001	2002	39,050,967	37,431,914	95.85	1,166,797	38,598,711	98.84	3,230,723	8.27		
2002	2003	41,908,616	40,079,541	95.64	1,288,439	41,367,980	98.71	3,771,360	9.00		

- (1) Tax year and collection year apply only to real property taxes
- (2) Does not include the General Health District, a special district that is not a part of the County entity for reporting purposes.
- (3) State Reimbursements of Rollback and Homestead Exemptions are included.
- (4) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Source: Butler County Auditor

Butler County, Ohio

Tangible Personal Property Tax Collections

Last Ten Years

Table #4

<u>Year</u>	<u>Amount</u>
1994	\$ 4,461,546
1995	4,729,750
1996	5,018,529
1997	6,389,250
1998	6,375,154
1999	6,428,181
2000	6,201,168
2001	7,218,661
2002	7,701,265
2003	7,319,189

Source: Butler County Auditor

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

Table #5

Year	Operating Revenues and Expenses			Non-Operating Revenue (Expense)			Debt Service Requirements (4)				
	Operating Revenues	Operating Expenses(1)	Net Operating Revenue	Capacity Fees	Other	Net Non-Operating Rev (Exp)(2)	Total Available for Debt Service(3)	Principal	Interest	Total	Coverage
1994	\$ 7,646,762	\$ 7,510,086	\$ 136,676	\$ 2,599,845	\$ 291,308	\$ 2,891,153	\$ 3,027,829	\$ 730,000	\$ 1,286,848	\$ 2,016,848	1.50%
1995	8,380,689	7,843,979	536,710	2,536,676	484,788	3,021,464	3,558,174	755,000	1,261,298	2,016,298	1.76
1996	9,323,813	7,516,918	1,806,895	3,004,917	393,153	3,398,070	5,204,965	785,000	1,803,006	2,588,006	2.01
1997	10,642,424	7,539,261	3,103,163	3,290,768	411,812	3,702,580	6,805,743	1,175,000	2,055,204	3,230,204	2.11
1998	11,600,404	7,802,955	3,797,449	3,196,443	(178,016)	3,018,427	6,815,876	1,395,000	1,791,187	3,186,187	2.14
1999	12,192,298	8,193,435	3,998,863	4,534,624	1,923,475	6,458,099	10,456,962	1,650,000	3,191,305	4,841,305	2.16
2000	15,181,737	8,864,899	6,316,838	3,360,152	1,547,881	4,908,033	11,224,871	2,660,000	3,448,300	6,108,300	1.84
2001	15,970,470	10,185,500	5,784,970	4,587,703	457,824	5,045,527	10,830,497	2,775,000	3,335,335	6,110,335	1.77
2002	16,854,168	11,070,073	5,784,095	6,762,444	716,403	7,478,847	13,262,942	2,900,000	2,946,367	5,846,367	2.27
2003	16,947,133	11,944,257	5,002,876	7,958,313	612,134	8,570,447	13,573,323	3,040,000	3,077,642	6,117,642	2.22

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

Source: Butler County Auditor

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

Table #6

Year	Operating Revenues and Expenses			Non-Operating Revenue (Expense)		Debt Service Requirements (4)					
	Operating Revenues	Operating Expenses(1)	Net Operating Revenue	Capacity Fees	Other	Net Non-Operating Rev (Exp)(2)	Total Available for Debt Service(3)	Principal	Interest	Total	Coverage
1994	\$ 7,791,832	\$ 9,973,526	\$ (2,181,694)	\$ 2,608,679	\$ 8,282	\$ 2,616,961	\$ 435,267	\$ 115,000	\$ 220,593	\$ 335,593	1.30%
1995	9,349,016	11,208,340	(1,859,324)	2,433,793	17,587	2,451,380	592,056	120,000	215,763	335,763	1.76
1996	10,657,124	10,715,205	(58,081)	2,235,273	305,985	2,541,258	2,483,177	125,000	869,388	994,388	2.50
1997	12,990,411	10,094,113	2,896,298	2,612,401	314,114	2,926,515	5,822,813	525,000	1,081,854	1,606,854	3.62
1998	14,961,586	12,454,508	2,507,078	2,752,163	(1,177,096)	1,575,067	4,082,145	545,000	1,061,064	1,606,064	2.54
1999	16,118,567	16,488,844	(370,277)	3,752,395	(193,335)	3,559,060	3,188,783	565,000	1,417,921	1,982,921	1.61
2000	16,936,905	15,550,143	1,386,762	2,604,217	384,501	2,988,718	4,375,480	1,085,000	1,586,699	2,671,699	1.64
2001	17,900,347	17,594,434	305,913	2,830,333	318,154	3,148,487	3,454,400	1,125,000	1,562,237	2,687,237	1.29
2002	20,300,608	17,442,027	2,858,581	3,232,357	1,239,956	4,472,313	7,330,894	1,170,000	1,367,629	2,537,629	2.89
2003	16,675,326	14,266,723	2,408,603	3,368,055	1,318,859	4,686,914	7,095,517	1,215,000	1,459,589	2,674,589	2.65

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

Source: Butler County Auditor

Butler County, Ohio

Permissive Sales Tax Collections

Last Ten Years

Table #7

<u>Year</u>	<u>Amount</u>
1994 (1)	\$ 5,127,651
1995 (2)	6,882,983
1996	11,547,600
1997	12,015,456
1998	12,889,270
1999	14,252,234
2000	15,709,348
2001	16,102,332
2002	16,642,460
2003	17,182,889

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

(2) In 1994 the Butler County Commissioners by resolution imposed a permanent one-half percent sales tax effective February 1, 1995. This permanent sales tax is the basis for all collections shown from 1995-2003.

Source: Butler County Auditor

Butler County, Ohio

Assessed Valuation and
Estimated Actual Values of Taxable Property

Table #8

Last Ten Years

Tax Year	Real Property (1)		Tangible Personal Property		Public Utilities Personal		Total		
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1993	\$3,276,426,740	\$9,361,219,257	\$494,704,501	\$1,978,818,004	\$378,208,250	\$429,782,102	\$4,149,339,491	\$11,769,819,363	35.25 %
1994	3,372,641,010	9,636,117,171	498,412,670	1,993,650,680	400,692,850	455,332,784	4,271,746,530	12,085,100,635	35.35
1995	3,547,997,320	10,137,135,200	549,465,585	2,197,862,340	377,164,450	428,595,966	4,474,627,355	12,763,593,506	35.06
1996	3,939,072,770	11,254,493,629	618,825,072	2,475,300,288	376,357,290	427,678,739	4,934,255,132	14,157,472,656	34.85
1997	4,068,350,540	11,623,858,686	680,964,144	2,723,856,576	370,135,330	420,608,330	5,119,450,014	14,768,323,592	34.67
1998	4,199,464,910	11,998,471,171	659,774,662	2,639,098,648	377,009,040	428,419,364	5,236,248,612	15,065,989,183	34.76
1999	4,764,719,420	13,613,484,057	694,566,748	2,778,266,992	381,459,890	433,477,148	5,840,746,058	16,825,228,197	34.71
2000	4,990,028,970	14,257,225,629	722,909,820	2,891,639,280	360,025,500	409,119,886	6,072,964,290	17,557,984,795	34.59
2001	5,144,613,220	14,698,894,914	766,473,543	3,065,894,172	237,777,970	270,202,239	6,148,864,733	18,034,991,325	34.09
2002	6,243,237,390	17,837,821,114	724,768,577	2,899,074,308	258,533,610	293,788,193	7,226,539,577	21,030,683,615	34.36

(1) Includes Public Utility Real Property.

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

Source: Butler County Auditor

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

Collection Year	Table #9									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Last Ten Years										
Per \$1,000 of Assessed Value	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
County	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92
General Fund	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Mental Retardation Levy	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Mental Health Levy	0.02	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02
Miami Conservancy Levy	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Children Services Levy	-	-	-	1.00	1.00	1.00	1.00	1.30	1.30	1.30
Senior Citizens	7.44	7.45	7.45	8.45	8.45	8.45	8.45	8.75	8.75	8.74
Total County	-	-	-	-	-	-	-	-	-	-
Townships										
Fairfield (2)	-	-	-	7.19	7.19	7.19	7.19	7.19	7.19	7.19
Fairfield - Fire District	-	-	-	12.19	12.19	12.19	12.19	12.19	12.19	12.19
Fairfield - Fairfield City	-	-	-	-	-	-	-	-	-	-
Hanover	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72
Hanover - Millville Village	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
Lemon	4.92	2.92	-	-	-	-	-	-	-	-
Lemon - Monroe Village	0.60	0.60	-	-	-	-	-	-	-	-
Liberty	4.09	5.59	5.59	7.59	7.59	7.59	9.09	10.59	10.59	10.59
Liberty - Monroe Village	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59
Madison	2.26	2.26	2.26	2.26	2.26	2.26	2.26	2.26	2.26	2.26
Millford	5.74	5.74	5.74	5.74	5.74	5.74	5.74	5.74	5.74	5.74
Millford - Somerville Village	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Morgan	5.22	5.22	5.22	5.22	5.22	5.22	6.22	6.22	5.72	5.72
Oxford	5.84	5.84	7.84	7.84	7.84	7.84	7.84	7.84	7.84	7.84
Oxford - College Corner Village	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Oxford - Oxford City	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Relly	5.39	5.39	5.39	5.39	5.39	5.39	7.39	7.39	7.39	7.39
Ross	5.72	3.72	5.72	5.72	5.72	5.72	5.72	5.72	6.72	6.72
Ross - Millville Village	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92
St. Clair	4.47	4.47	4.47	4.47	4.47	4.47	4.47	4.47	4.47	4.47
St. Clair - New Miami Village	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01
St. Clair - Sevenmile Village	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Wayne	3.58	4.58	4.58	4.58	4.58	3.58	3.58	3.58	3.58	3.58
Wayne - Jacksonburg Village	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Wayne - Sevenmile Village	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
West Chester (3)	9.59	9.59	9.59	9.59	9.59	9.59	10.59	10.59	13.09	13.09
West Chester-Fairfield City	-	-	-	-	-	-	-	-	-	-
West Chester-Sharonville Corp	-	-	-	-	-	-	-	-	-	-

(continued)

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

Table #9

Collection Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
School Districts										
Fairfield City School District	\$ 55.16	\$ 55.16	\$ 55.16	\$ 53.56	\$ 53.56	\$ 54.16	\$ 54.16	\$ 54.23	\$ 54.11	\$ 53.82
Edgewood City School District	35.36	34.61	34.11	33.61	33.61	37.55	37.11	37.11	43.76	43.76
Lakota Local School District	49.24	50.14	56.24	56.14	56.14	56.14	55.14	61.88	61.88	60.84
Madison Local School District	31.94	31.84	31.09	30.94	30.94	30.94	35.94	36.29	36.54	32.14
New Miami Local School District	25.84	25.09	25.09	25.09	25.09	25.09	29.09	29.39	29.42	29.42
Ross Local School District	47.73	46.43	45.84	45.73	45.73	45.73	45.73	45.73	45.73	51.98
Monroe Local School District (4)	-	-	-	-	-	-	-	34.98	43.36	41.88
Talawanda City School District	51.80	51.80	46.30	43.80	43.80	43.80	43.80	50.30	50.30	50.30
Hamilton City School District	43.81	43.81	43.81	43.81	43.81	43.81	48.21	48.21	48.21	48.01
Middletown City School District	32.88	38.20	37.03	36.63	36.63	36.56	35.33	34.98	34.78	33.58
Out-of-County School Districts										
Northwest Local School District	43.15	42.98	42.98	50.18	50.18	50.18	50.13	49.80	49.80	49.64
Southwest Local School District	45.13	45.13	44.77	44.74	44.74	48.22	48.22	47.88	47.75	47.44
Princeton City School District	42.24	42.24	42.24	42.24	42.24	42.24	46.19	46.19	46.19	45.79
College Corner Local School District	41.45	40.65	40.10	32.10	32.10	32.10	32.10	32.10	32.10	32.10
Preble Shawnee Local School District	22.50	25.00	24.50	22.50	22.50	25.49	25.49	25.49	25.49	25.49
Mason Local School District	50.78	53.26	62.36	61.95	61.95	61.95	61.95	64.57	71.11	72.61
Joint Vocational Schools										
Butler County JVS	1.94	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Great Oaks JVS	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Montgomery County JVS	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58

(continued)

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

Table #9

Collection Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Cities										
Fairfield	\$ 4.54	\$ 4.54	\$ 4.54	\$ 4.54	\$ 4.54	\$ 4.54	\$ 4.54	\$ 5.94	\$ 5.94	\$ 5.94
Indian Springs (5)	7.19	7.19	7.19	-	-	-	-	-	-	-
Oxford	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65
Trenton	4.99	4.99	4.99	4.99	4.99	4.99	4.74	4.74	4.74	4.74
Hamilton	5.11	5.11	5.06	5.06	5.06	5.06	5.06	5.12	5.12	7.12
Middletown	6.57	6.38	6.31	6.31	6.31	6.36	4.14	5.86	5.86	5.86
Villages										
Millville	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Sevenmile	8.42	7.92	9.22	7.32	7.32	8.82	8.02	7.62	7.02	6.82
Monroe	9.17	7.85	7.85	7.85	7.85	7.85	7.85	9.85	9.85	9.85
Jacksonburg	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
New Miami	4.30	4.30	4.30	4.30	4.30	4.30	4.30	4.30	8.30	8.30
Somerville	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09
College Corner	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40

(1) Property tax rates are determined by a combination of the county-wide tax rate and the applicable tax rates for the school district, township, municipality or other districts in which a given property is located.

(2) Fairfield Township dissolved and became the City of Indian Springs in 1994.

(3) Union Township dissolved and became West Chester Township in 2000.

(4) Monroe local school district was combined with Middletown City school district from 1994 to 2000.

In 2001 City of Monroe schools changed from Middletown City School District to Monroe Local School District.

(5) The City of Indian Springs dissolved and reverted to Fairfield Township in 1997.

Butler County, Ohio

Real and Tangible Personal Property
Principal Taxpayers
December 31, 2003

Table #10

Name of Taxpayer	Nature of Business	Real Estate Assessed Valuation	Personal Property Assessed Valuation	Total Assessed Valuation	Percent of Total County Assessed Valuation (2003 Collection Year)
Cincinnati Gas & Electric	Public Utility	\$ 167,590,530	\$ -	167,590,530	2.73 %
AK Steel	Business	22,455,770	135,537,810	157,993,580	2.57
Miller Brewing Company	Business	25,531,170	43,728,800	69,259,970	1.13
Dugan Financing LLD	Business	43,128,290	-	43,128,290	0.70
Cincinnati Bell	Public Utility	36,043,240	83,530	36,126,770	0.59
Cincinnati Financial Corp	Business	29,708,460	-	29,708,460	0.48
Meijer	Business	13,284,600	6,486,750	19,771,350	0.32
Pilarczyk Daniel E	Business	16,492,250	-	16,492,250	0.27
Bay West Paper Corp	Business	1,786,890	14,035,140	15,822,030	0.26
Security Capital	Business	13,106,870	-	13,106,870	0.21
Totals		\$ 369,128,070	\$ 199,872,030	\$ 569,000,100	9.26 %

Source: Butler County Auditor

Butler County, Ohio

Special Assessments Billed and Collected

Last Ten Years

Table #11

Collection Year	Amount Billed	Amount (1) Collected	Percent Collected
1994	\$ 867,637	\$ 811,327	93.51 %
1995	929,369	910,785	98.00
1996	1,049,245	921,655	87.84
1997	1,271,532	1,118,566	87.97
1998	1,272,282	1,074,099	84.42
1999	1,226,847	1,169,097	95.29
2000	1,699,336	1,540,991	90.68
2001	3,391,594	3,243,508	95.63
2002	2,029,954	1,935,767	95.36
2003	2,318,568	2,069,067	89.24

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

Source: Butler County Auditor

Butler County, Ohio

Computation of Legal Debt Margin

Decmeber 31, 2003

Table #12

	Total Debt Limit (1)	Total Unvoted Debt Limit (2)
Assessed Value of County Collection Year 2003	\$ 7,226,539,577	\$ 7,226,539,577
Debt Limit	\$ 179,163,489	72,265,396
Total Outstanding Debt:		
General Obligation Bonds	\$ 46,167,784	\$ 46,167,784
General Obligation Notes	17,190,000	17,190,000
Judgement Bonds	34,970,000	34,970,000
OPWC Loan	1,024,945	1,024,945
Revenue Bonds	89,520,000	89,520,000
Sales Tax Bonds	24,890,000	24,890,000
Self Supporting Notes (4)	29,890,000	29,890,000
Special Assessment Debt	12,748,000	13,511,000
Total	<u>\$ 256,400,729</u>	<u>\$ 257,163,729</u>
Exemptions:		
Debt Service Fund Balance (3)		
General Obligation Detention Facility Bonds	\$ 29,055,000	\$ 29,055,000
General Obligation Bonds-Self Supporting (4)	687,784	687,784
Judgement Bonds	34,970,000	34,970,000
Juvenile Detention Expansion Notes	1,480,000	1,480,000
OPWC Loan	1,024,945	1,024,945
Revenue Bonds	89,520,000	89,520,000
Sales Tax Bonds	24,890,000	24,890,000
Self Supporting Notes (4)	29,890,000	29,890,000
Special Assessment Debt	12,748,000	12,748,000
Total	<u>\$ 224,265,729</u>	<u>\$ 224,265,729</u>
Net Debt	<u>\$ 32,135,000</u>	<u>\$ 32,898,000</u>
Total Legal Debt Margin (Debt Limitation minus Net Debt)	<u>\$ 147,028,489</u>	<u>\$ 39,367,396</u>

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

3% of first \$100,000,000 of assessed value	\$ 3,000,000
1 1/2% of next \$200,000,000 of assessed value	3,000,000
2 1/2% of amount of assessed value in excess of \$300,000,000	173,163,489

Total Debt Limitation

\$ 179,163,489

(2) The Total Unvoted Debt Limitation is calculated as 1% of assessed value.

\$ 72,265,396

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

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

Note: Does not include capital leases or pension obligations.

Source: Butler County Auditor

Butler County, Ohio

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

Last Ten Years Table #13

Year	(3) Population	(1) Assessed Value	(1)&(2) Gross General Bonded Debt	(1) Debt Service Monies Available	Debt Payable from Enterprise Funds	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
1994	312,835	\$ 4,149,339,491	\$ 3,578,368	-	\$ 2,718,368	\$ 860,000	0.02073 %	2.75 %
1995	316,000	4,271,746,530	3,241,770	-	2,491,770	750,000	0.01756	2.37
1996	320,500	4,474,627,355	10,708,368	-	2,268,368	8,440,000	0.18862	26.33
1997	328,263	4,934,255,132	19,224,966	-	2,044,966	17,180,000	0.34818	52.34
1998	331,065	5,119,450,014	18,641,564	-	1,821,564	16,820,000	0.32855	50.81
1999	334,011	5,236,248,612	18,043,162	-	1,598,162	16,445,000	0.31406	49.23
2000	332,807	5,840,746,058	17,136,564	-	1,371,564	15,765,000	0.26991	47.37
2001	333,486	6,072,964,290	16,204,966	-	1,144,966	15,060,000	0.24798	45.16
2002	340,543	6,148,864,733	47,922,784	-	912,784	47,010,000	0.76453	138.04
2003	343,207	7,226,539,577	46,167,784	-	687,784	45,480,000	0.62935	132.51

(1) Butler County Auditor.

(2) Includes all general obligation bonded debt.

(3) Butler County Economic Development Department. The 1994 through 1999 and 2001 through 2003 population is estimated.

Butler County, Ohio

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

Last Ten Years

Table #14

Year	Debt Principal (1)&(2)	Debt Interest (1)&(2)	Total Debt Service	General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
1994	\$ 110,000	\$ 47,726	157,726	\$ 25,707,574	0.61
1995	110,000	43,574	153,574	31,591,581	0.49
1996	105,000	38,085	143,085	39,423,826	0.36
1997	175,000	629,350	804,350	37,398,843	2.15
1998	360,000	2,294,615	2,654,615	41,999,044	6.32
1999	375,000	2,224,962	2,599,962	46,754,790	5.56
2000	1,595,000	2,206,950	3,801,950	54,551,521	6.97
2001	1,655,000	2,139,365	3,794,365	53,712,645	7.06
2002	1,660,000	2,067,293	3,727,293	55,676,691	6.69
2003	2,565,000	3,682,815	6,247,815	63,733,297	9.80

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

(2) Includes sales tax bonds paid from the general fund.

Source: Butler County Auditor

Butler County, Ohio

Computation of Direct and Overlapping
General Obligation Bonded Debt
December 31, 2003

Table #15

Name of Government	Amount Of Debt	(2) Percentage Applicable To Butler County	Amount Applicable To Butler County
Butler County	\$ 45,480,000 (1)	100.00 %	\$ 45,480,000
City of Fairfield	18,070,000	100.00	18,070,000
City of Hamilton	34,150,000	100.00	34,150,000
City of Middletown	29,797,297	100.00	29,797,297
City of Oxford	3,430,000	100.00	3,430,000
Hamilton City School District	42,765,000	100.00	42,765,000
Butler County Joint Vocational School	7,995,000	100.00	7,995,000
SubTotal for overalapping	<u>\$ 136,207,297</u>	<u>100.00</u>	<u>\$ 136,207,297</u>
Total	<u>\$ 181,687,297</u>	<u>100.00 %</u>	<u>\$ 181,687,297</u>

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

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

Source: Butler County Auditor, Ohio Municipal Advisory Council

Butler County, Ohio

Restricted Cash and Cash Equivalents

December 31, 2003

Table #16

	Beginning Balance 12/31/2002	Increase 2003	Decrease 2003	Interest Income Net of Fees	Ending Balance 12/31/2003
General:					
1997 Sales Tax Bonds:					
Interest	\$ 237,894	\$ 2,046,571	\$ (2,284,465)	\$ 3,962	\$ 3,962
Reserve Account	2,453,805	-	-	10,745	2,464,550
Total General	\$ 2,691,699	\$ 2,046,571	\$ (2,284,465)	\$ 14,707	\$ 2,468,512
Sewer:					
1992 Revenue Bonds:					
Bond + Interest (1)	\$ 42,639	\$ 439,718	\$ (481,845)	\$ 283	\$ 795
Reserve Account (1)	2,020,938	-	(343)	2,015	2,022,610
Subtotal 1992 Bonds	2,063,577	439,718	(482,188)	2,298	2,023,405
1996 Revenue Bonds:					
Bond + Interest	103,396	1,113,705	(1,216,291)	407	1,217
Reserve Account	1,216,394	-	(1,213)	1,213	1,216,394
Subtotal 1996 Bonds	1,319,790	1,113,705	(1,217,504)	1,620	1,217,611
1997 Revenue Bonds:					
Bond + Interest	16,899	178,763	(195,455)	101	308
Reserve Account	196,550	-	(278)	278	196,550
Subtotal 1997 Bonds	213,449	178,763	(195,733)	379	196,858
1998 Revenue Bonds:					
Bond + Interest	170,019	1,836,500	(2,005,903)	1,036	1,652
Reserve Account	532,725	-	(753)	753	532,725
Subtotal 1998 Bonds	702,744	1,836,500	(2,006,656)	1,789	534,377
1999 Revenue Bonds:					
Bond + Interest (3)	192,191	2,028,284	(2,218,148)	1,127	3,454
Reserve Account	2,222,063	-	(3,142)	3,142	2,222,063
Subtotal 1999 Bonds	2,414,254	2,028,284	(2,221,290)	4,269	2,225,517
Total Escrow - Sewer	\$ 6,713,814	\$ 5,596,970	\$ (6,123,371)	\$ 10,355	\$ 6,197,768
Water:					
1996 Revenue Bonds					
Bond + Interest	\$ 110,570	\$ 1,158,414	\$ (1,268,984)	\$ 1,642	\$ 1,642
Reserve Account	1,663,856	-	-	7,287	1,671,143
Subtotal 1996 Bonds	1,774,426	1,158,414	(1,268,984)	8,929	1,672,785
1999 Revenue Bonds					
Bond + Interest (2)	123,752	1,305,854	(1,405,605)	2,005	26,006
Reserve Account	1,537,864	-	-	6,735	1,544,599
Subtotal 1999 Bonds	1,661,616	1,305,854	(1,405,605)	8,740	1,570,605
Total Escrow - Water	\$ 3,436,042	\$ 2,464,268	\$ (2,674,589)	\$ 17,669	\$ 3,243,390
Total Escrow - Enterprise	\$ 10,149,856	\$ 8,061,238	\$ (8,797,960)	\$ 28,024	\$ 9,441,158
Total Escrow - Trust Cash	\$ 12,841,555	\$ 10,107,809	\$ (11,082,425)	\$ 42,731	\$ 11,909,670

(continued)

Restricted Cash and Cash Equivalents
(continued)
December 31, 2003

Table #16

	<u>Reconciliation of Restricted Cash</u>
General Fund:	
Escrow-Bonds	<u>\$ 2,468,512</u>
Sewer Fund:	
Escrow-Bonds (3)	\$ 6,197,768
Replacement & Improvement Fund (4)	4,000,000
Total Sewer Restricted Cash	<u>\$ 10,197,768</u>
Water Fund:	
Escrow-Bonds (2)	\$ 3,243,390
Replacement & Improvement Fund (4)	2,000,000
Refundable Deposits (4)	93,459
Total Water Restricted Cash	<u>\$ 5,336,849</u>
Enterprise Funds:	
Escrow-Bonds	\$ 9,441,158
Replacement & Improvement Fund (4)	6,000,000
Refundable Deposits (4)	93,459
Total Restricted Cash-Enterprise Funds	<u>\$ 15,534,617</u>
Total Restricted Cash:	
Primary Government	<u>\$ 18,003,129</u>

- (1) Relates to the portion of the 1992 Sewer Revenue Bond which was not advanced refunded.
- (2) Includes cost of issue transactions, defeasance funding and note retirement.
- (3) Includes cost of issue transactions and note retirement.
- (4) Maintained in County Treasury, but restricted for purpose.

Source: Butler County Auditor

LABOR FORCE STATISTICS
(not seasonally adjusted)

2000 Census Data

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

CIVILIAN LABOR FORCE ESTIMATES
(as of December 2003)

Year	Civilian Labor Force	Total Employment	Total Unemployment	Unemployment Rate
1994	160,500	151,900	8,600	5.4 %
1995	162,280	155,400	6,880	4.2
1996	172,900	166,700	6,200	3.6
1997	173,900	167,900	6,000	3.5
1998	178,400	172,500	5,900	3.3
1999	185,200	179,200	6,000	3.2
2000	189,300	183,600	5,700	3.0
2001	198,900	192,400	6,500	3.3
2002	197,000	188,400	8,600	4.4
2003	203,700	194,700	9,000	4.4

Source: Butler County Economic Development Department, Ohio Labor Market Information
Estimates, Ohio Bureau of Employment Services, through December 2003.

(continued)

Distribution of Households
By Income Bracket (2002 est.)

	Number	Percent
Under \$15,000	19,692	15.5 %
15,000-24,999	12,716	10.0
25,000-49,999	28,477	22.5
50,000-99,999	33,230	26.3
100,000-149,999	26,200	20.7
150,000 or over	6,268	5.0
	<u>126,583</u>	<u>100.00</u>
Total Number of Households		126,583
Average Persons per Households		2.61
Total Number of Families		90,397

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

Population Growth

Year	Population
1970	226,207
1980	258,787
1990	291,479
2000	332,807
2003 est.	343,207

Retail Sales by Store Group (1999)
(not seasonally adjusted)

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

Source: Butler County Economic Development Department

Butler County, Ohio

Property Value, Construction, and Bank Deposits

Last Ten Years

Table #18

Tax Year	NEW CONSTRUCTION (1)				Total New Construction	Bank Deposits (2)	REAL PROPERTY ASSESSED VALUE (3)			Tax Exempt
	Agricultural/ Residential	Commercial/ Industrial					Agricultural/ Residential	Commercial/ Industrial		
1994	\$ 83,458,740	\$ 14,725,690	\$ 98,184,430	\$ 737,683,000	\$ 2,475,042,290	\$ 801,384,450	\$ 683,778,670			
1995	84,047,720	14,725,700	98,773,420	800,556,000	2,576,733,360	795,907,650	698,721,460			
1996	91,862,030	38,145,360	130,007,390	783,398,000	2,676,567,770	871,429,550	617,545,170			
1997	64,052,280	60,034,910	124,087,190	815,435,000	2,999,305,390	938,677,260	641,813,550			
1998	86,138,060	46,200,480	132,338,540	864,105,000	3,200,230,460	999,234,450	705,273,370			
1999	80,235,690	55,866,050	136,101,740	913,169,000	3,629,217,240	1,135,502,180	814,297,020			
2000	111,540,820	87,998,480	199,539,300	1,152,810,000	3,783,180,290	1,206,848,680	829,429,110			
2001	110,403,460	62,014,040	172,417,500	1,136,994,000	3,922,893,560	1,221,719,660	915,318,160			
2002	102,534,640	74,646,910	177,181,550	1,257,078,000	4,638,038,390	1,405,199,000	978,772,510			
2003	110,188,550	68,803,140	178,991,690	1,355,739,000	4,762,263,590	1,413,231,970	1,011,173,000			

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

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

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

Fifteen Largest Employers

December 31, 2003

Table #19

	Employer	Location	Nature of Business	Number of Employees
(1)	Miami University	Oxford	Education	4,200
(2)	AK Steel Corp.	Middletown	Steel Manufacturing	3,900
(3)	Cincinnati Financial Corp.	Fairfield	Insurance	2,861
(4)	Butler County Government	Hamilton	Governmental	2,000
(5)	Fairfield City School District	Fairfield	Education	1,740
(6)	Fort Hamilton Healthcare Corp.	Hamilton	Health Care	1,600
(7)	Lakota Local School District	West Chester	Education	1,600
(8)	Middletown Regional Hospital	Middletown	Health Care	1,470
(9)	Mercy Regional Hospital	Fairfield	Health Care	1,407
(10)	Ohio Casualty	Fairfield	Insurance	1,356
(11)	Hamilton City School District	Hamilton	Education	1,250
(12)	CBS Personnel	Middletown	Services	1,107
(13)	Cornerstone Consolidated Svcs/Frontg	West Chester	Distribution	1,000
(14)	Medco Health Solutions	Fairfield	Health Care	993
(15)	Middletown Board of Education	Middletown	Education	986

Source: Butler County Economic Development Department

Salaries of Principal Officials

December 31, 2003

Table #20

Office	Salary
Elected Officials:	
Board of Commissioners	\$ 68,239
Board of Commissioners	68,239
Board of Commissioners	68,239
Auditor	77,963
Clerk of Courts	54,760
Coroner	102,571
Engineer	87,948
Prosecuting Attorney	102,571
Recorder	57,854
Sheriff	83,942
Treasurer	60,525
Appointed Officials:	
County Administrator, Board of County Commissioners	\$ 120,419
Director - Butler County Department of Environmental Services	107,773
Butler County Department of Job & Family Services Director	90,841
Butler County Care Facility Administrator	77,901
Superintendent of Butler County Board of Mental Retardation	99,377
Executive Director of Butler County Community Mental Health Board	91,054
Executive Director of Butler County Alcohol and Drug Addiction Services Board	72,973
Executive Director of Butler County Childrens Service Board	97,819
Butler County Chief Dog Warden	52,571
Director of Butler County Department of Development	89,212

Source: Butler County Auditor

Butler County, Ohio

Miscellaneous Statistics

December 31, 2003

Table #21

DATE OF INCORPORATION:	1803	WATER DEPARTMENT	
	One of the original eight counties in Ohio	Miles of Water Mains:	626.88
FORM OF GOVERNMENT:	County	SEWERS	
COUNTY SEAT:	City of Hamilton, Ohio	Miles of Sanitary Sewers:	
AREA:	469 square miles	Sewers:	728.51
RANK IN SIZE:	3,215	RECREATION and CULTURE	
NUMBER OF POLITICAL SUBDIVISIONS:	56	Number of Art Centers:	2
NUMBER OF INTERSTATE HIGHWAYS:	1 (I-75)	Number of Parks:	22 (county)
		Number of Libraries:	6 (public)
			6 (Post Secondary Education)
VOTER STATISTICS, ELECTION OF NOVEMBER 2003		BUTLER COUNTY EMPLOYEES	2,480
Registered Voters:	207,675	HOSPITALS	4
Number of Voters, Last General Election:	66,169	Beds:	812
Percentage of Registered Voters Voting:	31.9%	Active Licensed Physicians:	639
		EDUCATION (K-12)	
		Number of Buildings:	84
		Number of Teachers:	3,661
		Number of Students:	56,222

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

Butler County, Ohio

Governmental Activities Expenses by Function

Last Two Years

Table # 22

Year	Legislative and Executive	General Government							Total Expenses
		Judicial	Public Safety	Public Works	Health	Human Services	Conservation and Recreation	Other Intergovernmental and Debt Service	
2002	\$ 24,241,162	\$ 12,735,544	\$ 34,599,025	\$ 15,657,130	\$ 47,395,622	\$ 69,442,215	\$ 520,722	\$ 4,905,164	\$ 209,496,584
2003	30,228,989	12,834,297	36,659,180	16,672,729	46,285,012	69,048,201	531,971	4,787,644	217,048,023

Source: Butler County Auditor

Butler County, Ohio

Governmental Activities Revenues

Last Two Years

Table #23

<u>Program Revenues:</u>	<u>2003</u>	<u>2002</u>
PR - Charges for Services	\$ 40,928,467	\$ 27,540,280
PR - Operating Grants and Contributions	86,762,956	83,874,604
PR - Capital Grants and Contributions	16,038,726	24,079,550
<u>General Revenues:</u>		
Taxes	64,920,008	57,379,485
Intergovernmental	6,266,355	10,072,833
Interest	3,676,735	4,726,714
Net (Decrease) in Fair Market Value	(746,510)	(241,646)
Other Revenue	<u>2,771,852</u>	<u>1,061,413</u>
Total Revenues:	<u>\$ 220,618,589</u>	<u>\$ 208,493,233</u>

Source: Butler County Auditor



**Auditor of State
Betty Montgomery**

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800-282-0370

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FINANCIAL CONDITION

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 23, 2004**