

Transportation Improvement District of Butler County, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2005





Mary Taylor, CPA
Auditor of State

January 19, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**Auditor of State
Betty Montgomery**

Board of Trustees
Transportation Improvement District of Butler County
315 S. High Street
Hamilton, Ohio 45011

We have reviewed the *Independent Accountants' Report* of the Transportation Improvement District of Butler County, Butler County, prepared by BKD, LLP, for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY
Auditor of State

October 9, 2006

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



Comprehensive Annual Financial Report
For the Year Ended December 31, 2005

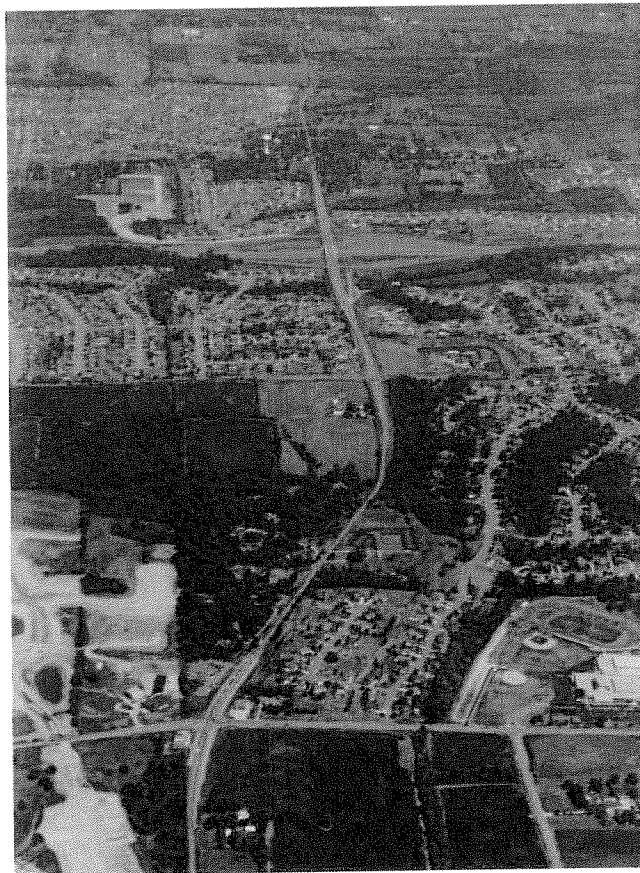
Prepared by: Sean Fraunfelter, CPA - Finance Department

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State Route 747 Phase 4 Starting at State Route 129 through Princeton Road Intersection



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

Transportation Improvement District of Butler County, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2005
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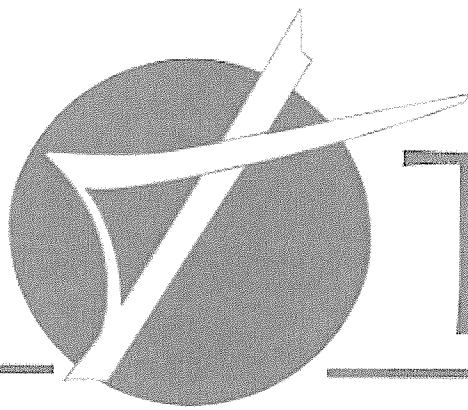
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BUTLER
COUNTY



TID

TRANSPORTATION IMPROVEMENT DISTRICT

315 High Street, Hamilton, Ohio 45011 (513) 785-5800

April 30, 2006

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

We are pleased to present the Butler County Transportation Improvement District (TID) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2005. This report contains basic financial statements and other financial and statistical information — providing complete and full disclosure of all financial aspects of the TID for 2005.

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

The CAFR is divided into three sections:

1. *The Introductory Section* contains a letter of transmittal, our GFOA Certificate of Achievement for 2004 and organizational charts for the TID staff and Board of Trustees.
2. *The Financial Section* contains the independent accountants' report, management's discussion and analysis, basic financial statements, notes to the basic financial statements and the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. *The Statistical Section* includes selective financial, economic and demographic information about the TID and Butler County, which may be used to extrapolate trends in comparison to other fiscal years.

FORM OF GOVERNMENT AND REPORTING ENTITY

The Butler County TID was created on June 30, 1993, under the auspices of House Bill 154 and Ohio Revised Code Section 5540.02. On December 7, 1993, the Butler County Commissioners authorized the creation of the TID by resolution 93-12-2209. This resolution brought the TID together as an organized entity on January 31, 1994. The TID includes all of the territory within the following political subdivisions of Butler County: the City of Hamilton, the City of Fairfield, Fairfield Township, West Chester Township and Liberty Township. The City of Hamilton appointed one of their positions that represents the Cities of Middletown, Monroe and Trenton. The Board of Trustees appointed a representative from the City of Oxford as their board appointment. With these changes, the TID Board and local governments have worked to broaden the reach of the TID.

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

The Board Chair is appointed annually by the Board of Trustees. The Chair is responsible for presiding at all Board meetings and is the chief legislative officer of the TID. An Executive Director of the TID, also appointed by the Board of Trustees, serves as chief executive officer of the TID as prescribed by the Board of Trustees.

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

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

MAJOR INITIATIVES - *TID closes in on engineering plans*

Liberty Interchange

Liberty Township has experienced substantial economic development from the State Route 129 Extension at Cincinnati-Dayton Road over the past year as Kroger is building a larger store in the area and Cincinnati Children's Hospital has agreed to build a full service facility just to northwest of the Interchange. The Township anticipates more commercial usage by utilizing over three hundred acres of prime development on the eastern end of the State Route 129 Extension. The Township approached the TID in 2001 to manage a feasibility study to change the State Route 129 Extension into a full interchange at Interstate 75. The Township and Butler County expect to extend Cox Road from Hamilton-Mason Road, where it currently ends, north through the Township as a parallel facility or arterial to Interstate 75. The ultimate destination point would be State Route 63. The State Route 129 Extension would then extend connections to the local arterial network.



In October 2003, the preferred alternative was submitted to the stakeholders for approval and the **Collector/Distributor to Hamilton-Mason Road with a Cox Road Extension** was selected. The consultant has continued to work on the additional steps necessary to complete the interchange modification. The engineering work was started in 2004 on both Hamilton-Mason Road and Cox Road to lead possible construction of the Cox Road extension north in late 2006 and Hamilton-Mason Road in early 2007.

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

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

State Route 747 Phase III Widening

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

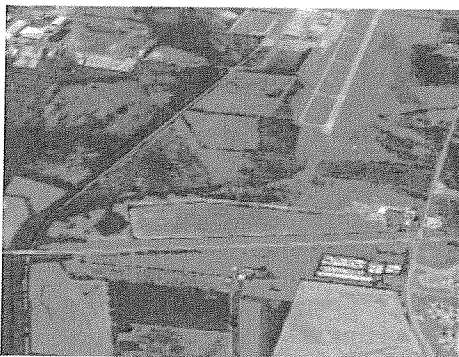
The TID completed the first phase of the widening project from Union Centre Boulevard to Smith Road in October 2000. The TID obtained federal funding through OKI for the second phase, extending the improvement to Tylersville Road. The Butler County Engineer's Office completed that project during 2005.

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

Bypass State Route 4 Widening/Airport Access

Anyone associated with the TID for an extended period of time has been asked this question: "When are you going to widen the Bypass?" As development has occurred over the past several years, Bypass State Route 4 (the "Bypass") has become more and more congested. The TID formed a workgroup during 2002 to address the widening of the Bypass. Agreements were formed for the initial engineering and environmental work for the project.

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



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

The TID resubmitted a TRAC application in 2005 for Bypass funding and despite being moved up on the ranking did not receive construction funding. The TID applied for two intersection safety grants and was successful on one of those grants, which is available in 2007 for \$2.1 million. The TID requested that the local governments reconfirm their pledge of ten million dollars to the project and is working on the allocation policy. With the local government commitment, the TID will receive a better TRAC scoring as when TRAC monies become available. The local governments and TID have made a commitment to continue preparing the project for construction.

ECONOMIC CONDITION AND OUTLOOK

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

CASH MANAGEMENT

Cash temporarily idle during the year was invested in obligations of the U.S. Treasury Obligations and higher yielding saving accounts. The maturities range from thirty days to one year, with an average maturity of less one year. The TID has decided to keep more cash liquid in short term investments and high yield saving accounts over the past six months and for the immediate future with the increased need for project dollars. The TID has three projects moving in fast forward position as each project is financed on a reimbursement basis, thereby causing the TID to use its bank account to finance the costs until the reimbursement is received. The TID has also placed a significant portion of the free cash flow into land held for resale that could provide a continued revenue source for the TID in the future.

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

RISK MANAGEMENT

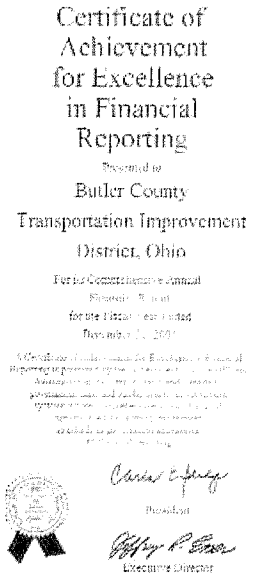
The TID maintains control over insurance through the Cincinnati Financial Insurance Company. The TID has had no settlements that exceeded the insurance coverage for the past nine years. The TID works with Brower Insurance Agency for professional liability and public officials insurance coverage. The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

AUDIT

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the TID for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2004. This was the tenth consecutive year that the TID has received this award for excellence and the fifth year reporting under the guidelines of GASB Statement No. 34. In order to be awarded a Certificate of Achievement, the TID published a clear and effective CAFR.



The TID staff works to develop a level of professionalism and sound financial reporting. The preparation and publication of this CAFR serves as a cornerstone for the TID's efforts. A special note of acknowledgment is presented to Fraunfelter Accounting Service for his work in the completion of this report. The report demonstrates a level of accountability that we continue to maintain. We hope this report increases public confidence in the operation and management of the TID. The report also provides a fair presentation of the financial condition of the TID as of and for the year ended December 31, 2005.

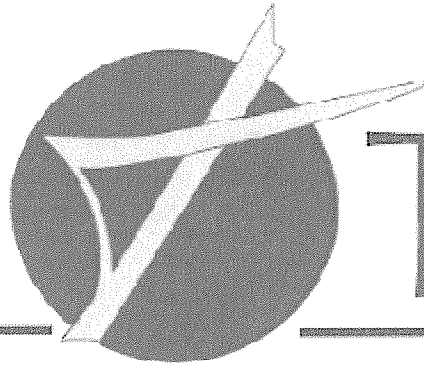
Respectfully submitted,

John E. Fonner
Executive Director

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

Sean Fraunfelter, CPA
Finance and Administration

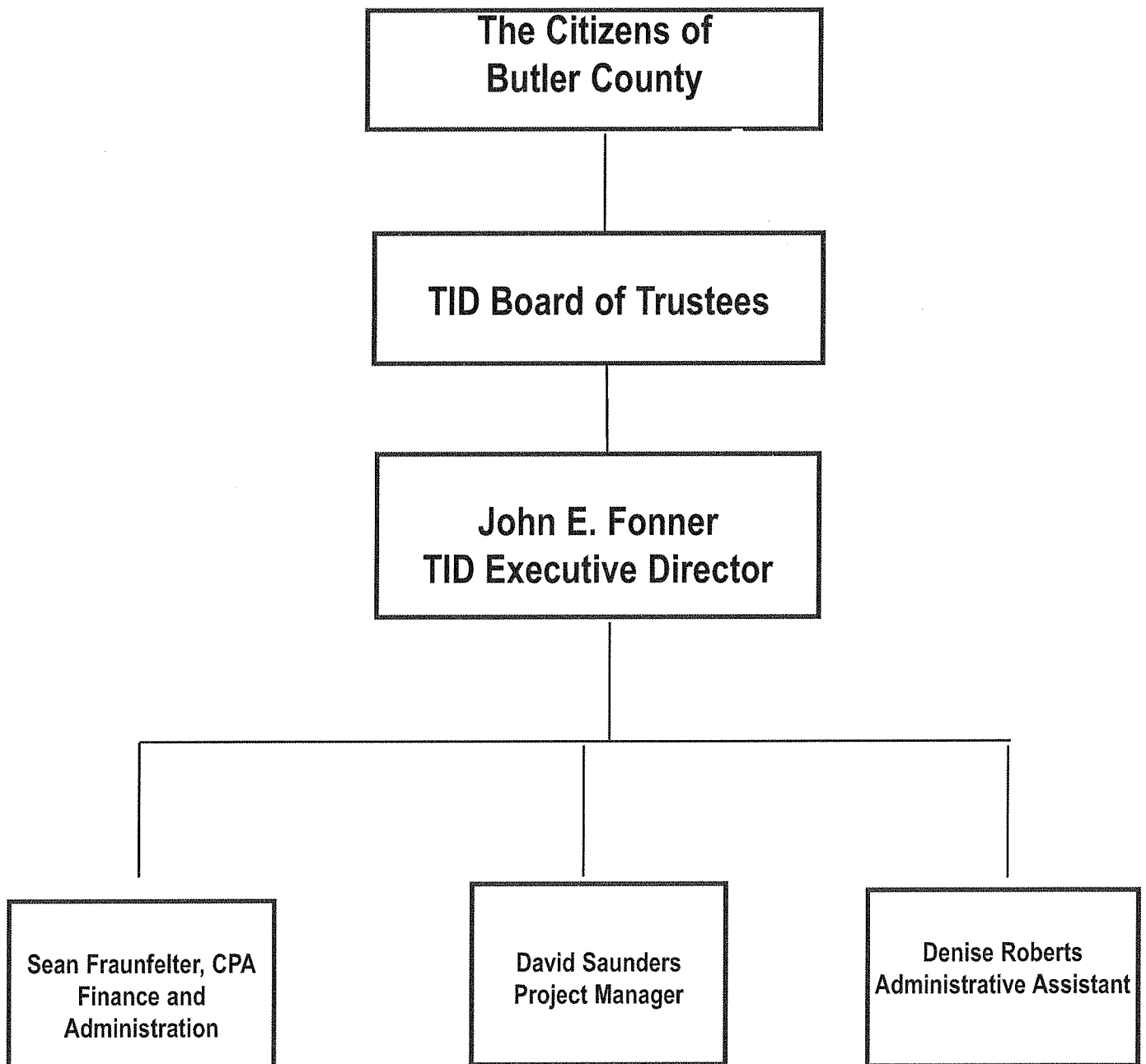
BUTLER
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TID

TRANSPORTATION IMPROVEMENT DISTRICT

2005 Staff Organizational Chart



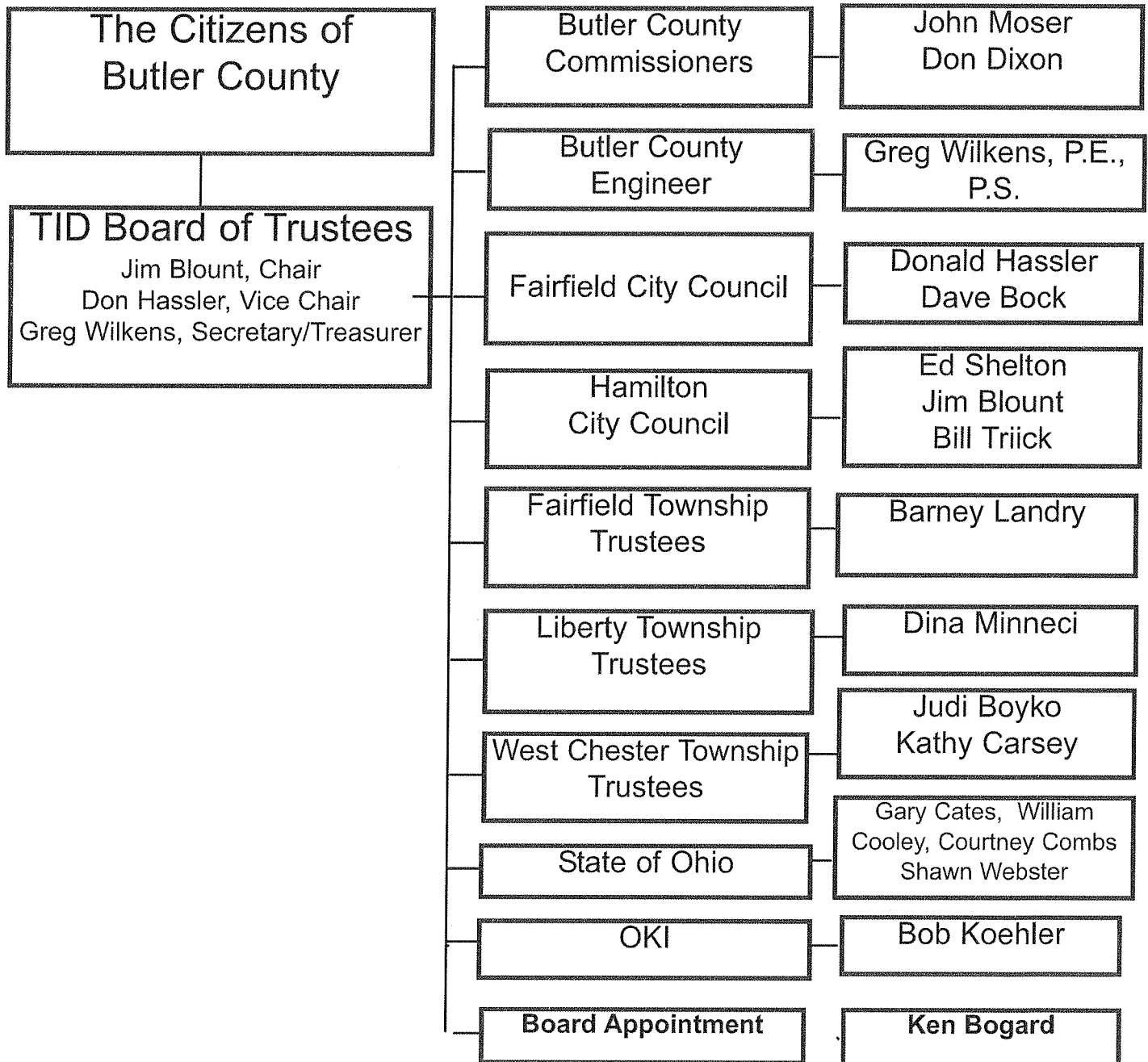
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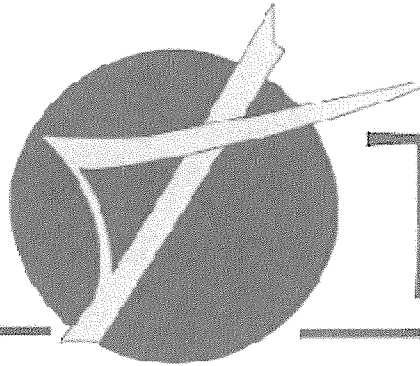
TRANSPORTATION IMPROVEMENT DISTRICT

2005 Board of Trustees

Organizational Chart

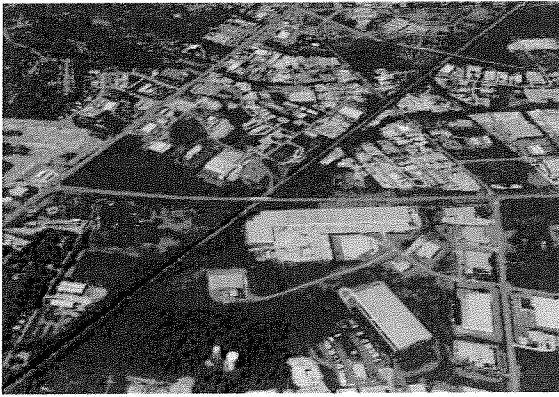


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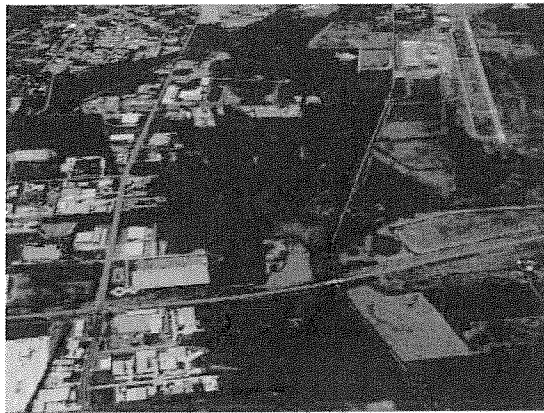


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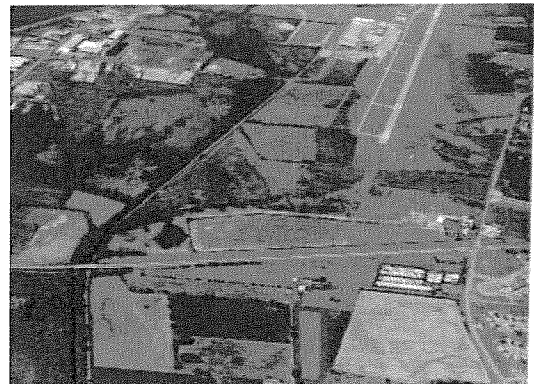
TRANSPORTATION IMPROVEMENT DISTRICT



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



Bypass State Route 4 at Symmes
Road with Airport in background



Bypass State Route 4 at Tylersville
Road with Airport in background

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Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio (the "District") as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

BKD, LLP

March 30, 2006

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Our discussion and analysis of the Butler County Transportation Improvement District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2005. Please review it in conjunction with the transmittal letter and the District's basic financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$0.4 million which represents a 1.6 percent increase from 2004 accredited to the District capitalizing \$2.8 million of infrastructure and land related the District's current projects.
- General Revenues accounted for \$1.2 million in revenues or 16.6 percent of all revenues. Program specific revenues in the form of charges for services and capital grants accounted for \$5.9 million or 83.4 percent of all revenues.
- The District purchased \$1.9 million in land held for resale during the current year to expediate the District's priority projects.
- The District had \$6.7 million in expenses related to governmental activities with \$6.0 million in program revenues to cover the cost of those programs.
- Among the major funds, the State Route 129 Extension fund had revenues of \$12.5 million. The fund continues to receive lease payments for annual debt service payments.

USING THIS ANNUAL REPORT

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

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Major Funds

- General
- Debt Service
- State Route 129 Extension
- State Route 747
- Liberty Interchange

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

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

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

THE DISTRICT AS A WHOLE

The District's total net assets changed from a year ago, increasing from \$27.4 million to \$27.8 million. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental activities.

Table 1
Net Assets (in millions)

	2004	2005
Current and other assets	\$ 24.7	\$ 125.8
Long term receivables	109.7	-
Capital assets	11.0	13.7
Total Assets	145.4	139.5
Long-term obligations	(110.0)	(0.4)
Other liabilities	(8.0)	(111.3)
Total Liabilities	(118.0)	(111.7)

	2004	2005
Net assets:		
Invested in capital assets,		
net of related debt	\$ 11.0	\$ 13.7
Restricted	14.8	15.2
Unrestricted	1.6	(1.1)
Total net assets	\$ 27.4	\$ 27.8

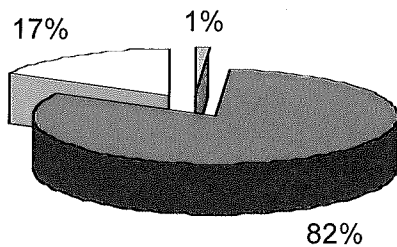
Net assets of the District's activities increased 1.6 percent or \$0.4 million. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased from \$1.6 million to (\$1.1) million at the end of 2005. The decrease can be attributed to having purchased the several parcels of land and holding them under the invested in capital assets. The District's special obligation debt and lease receivable are being refunded in January 2006. In 2004, the amounts were reported as long term items for the District.

Table 2 compares the 2005 change in net assets to the 2004 change in net assets.

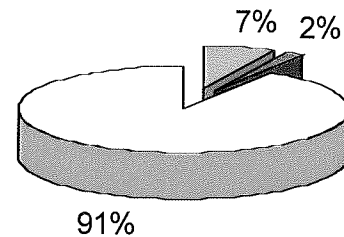
Table 2
Changes in Net Assets for 2005
Compared with 2004 activity
(in millions)

	2004	2005	Change
Program Revenues:			
Charges for Services	\$ 0.1	\$ -	\$ (0.1)
Capital Grants	6.8	5.9	(0.9)
General Revenues:			
Operating Grants	0.3	-	(0.3)
Other	2.0	1.2	(0.8)
Total Revenues	<u>9.2</u>	<u>7.1</u>	<u>(2.1)</u>
Program Expenses			
General Government	9.3	0.4	(8.9)
Fiscal Charges	0.1	0.2	0.1
Interest of Long-Term Debt	6.3	6.1	(0.2)
Total Expenses	<u>15.7</u>	<u>6.7</u>	<u>(9.0)</u>
Change in Net Assets	<u>(6.5)</u>	<u>0.4</u>	<u>6.9</u>
Beginning Net Assets	<u>33.9</u>	<u>27.4</u>	<u>(6.5)</u>
Ending Net Assets	<u>\$ 27.4</u>	<u>\$ 27.8</u>	<u>\$ 0.4</u>

2005 Governmental Activities Revenues



2005 Governmental Activities Expenses



■ Charges for Services ■ Capital Grants □ Other

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

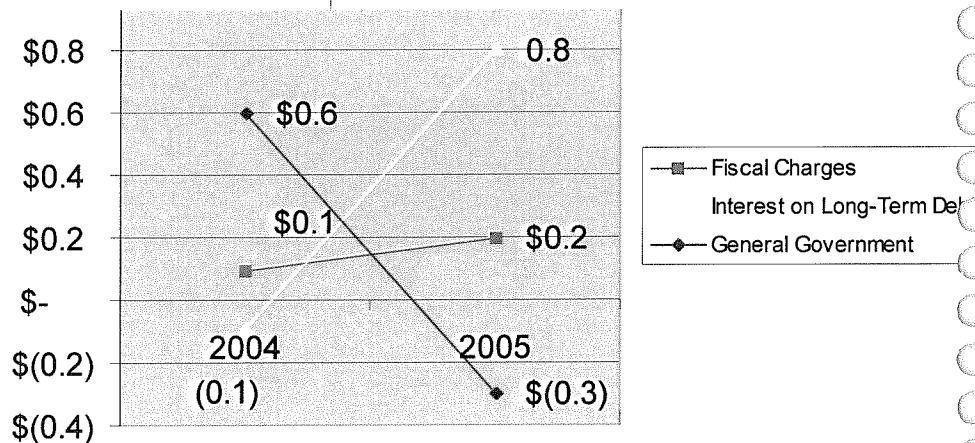
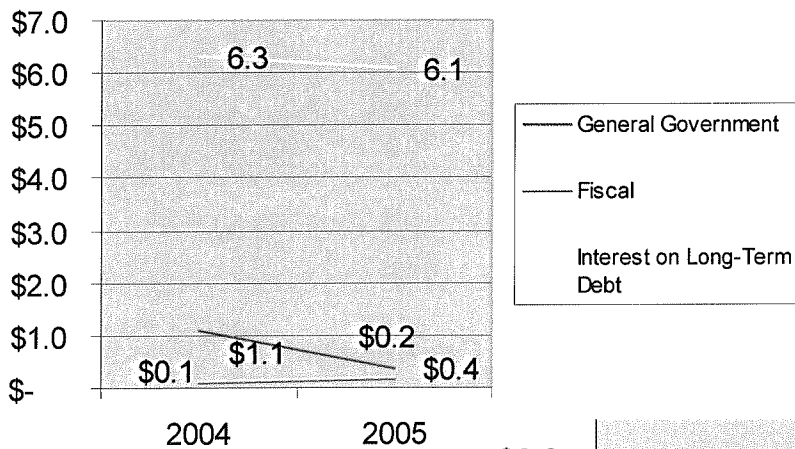
Table 3 presents the cost of each of the District's programs as well as each program's net cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the District by each of these functions.

Table 3
Governmental Activities
(in millions)

	Total Cost of Services		Net Cost of Services	
	2004	2005	2004	2005
General Government	\$ 1.1	\$ 0.4	\$ 0.6	\$ (0.3)
Fiscal Charges	0.1	0.2	0.1	0.2
Interest on Long-Term Debt	6.3	6.1	(0.1)	0.8
Total Expenses	\$ 7.5	\$ 6.7	\$ 0.6	\$ 0.7

The decrease in general government from 2004 to 2005 of \$0.7 million can be attributed the District's capitalizing the majority of costs related the projects. The District watches general overhead costs very carefully as there is no constant revenue source. The District had a net revenue for the general government function with the capitalization of assets.

The graphs below depict the change in cost of services for the program expenses from 2004 to 2005 and also show the net cost of services for those expenses in the two years.



THE DISTRICT'S FUNDS

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

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

	<u>2004</u>	<u>2005</u>	<u>% Change</u>
General	\$ 2.9	\$ 2.7	-6.9%
Debt Service	0.0	0.4	100.0%
State Route 129 Extension	13.9	13.7	-1.4%
State Route 747	(0.1)	(0.2)	-100%
Liberty Interchange	(0.1)	(1.9)	-100%
Nonmajor Funds	<u>1.0</u>	<u>1.1</u>	<u>10.0%</u>
 Total Governmental Balances	 <u>\$ 17.6</u>	 <u>\$ 15.8</u>	 <u>-10.4%</u>

The 6.9% decrease in the **General Fund** can be credited to the District hiring of a project manager during 2005 and additional office expenditures and related training for that person. The District continues to monitor overhead expenditures to keep overall costs as low as possible. The District also collected less administration fees with projects still in the development phase. The District is anticipating several constructions in the next two years.

The 1.4% decrease in the **State Route 129 Extension Fund** is attributed to timing differences in the receipt of funds used for payment of the annual debt service requirements.

The large percentage increase is attributed to the arbitrage restricted balance within the **Debt Service Fund** as the balance in that account was increased during 2005 to help offset the additional required costs.

The 10.0 percentage increase in the **Nonmajor Funds** is attributed to the reimbursements from local governments involved with the State Route Bypass 4 widening fund. These amounts were deferred last year.

Table 5 presents a summary of governmental fund revenues for the 2005 fiscal year and the amounts and percentages of increases and decreases in relation to the prior year.

Table 5
Total Governmental Fund Revenues

Revenue Source	2005	Percent	Increase	Percent
	Amount	of Total	(Decrease) Over 2004	Increase (Decrease)
Intergovernmental	\$ 12,731,782	92.5%	\$ (53,557)	-0.4%
Charges for Services	41,347	0.3%	(24,264)	-37.0%
Investment Earnings	987,083	7.2%	46,451	4.9%
Change in Fair Value	(4,111)	0.0%	(2,602)	67.4%
Other	7,487	7.5%	(1,100,142)	-99.3%
Total	\$ 13,763,588	100.0%	\$ (1,134,114)	-7.6%

The 0.4% decrease in **intergovernmental revenues** and 37.0% decrease in **charges for services** can be related to the District's projects in the development phase during 2005. The District receives reimbursements from local governments and administration fees for four different projects during the year.

The 4.9% increase in **investment earnings** is attributed to the Federal Reserve Bank increasing the prime rate during 2005.

The 99.3% decrease in **other revenues** is related to the sale of the church parcel during 2004 that the District purchased as part of the State Route 129 Extension.

Table 6 presents the General Fund budget and the difference between the original budget and final budget for fiscal year 2005. Table 7 discusses the variance between the final budget and the actual results for the fiscal year.

Table 6
Original and Final Budget - General Fund

	Original	Final	Variance
Revenues:			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Charges for Services	163,500	185,625	22,125
Investment Earnings	25,000	60,000	35,000
Other	-	25,000	25,000
Expenditures:			
Current:			
General Government	(609,600)	(2,377,700)	1,768,100
Other Financing Sources/Uses			
Short Debt Loan	-	1,650,000	1,650,000
Advance Out	-	(1,850,000)	(1,850,000)

Table 7
Final Budget versus Actual Results
General Fund

	Final Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Charges for Services	185,625	41,480	(144,145)
Investment Earnings	60,000	101,173	41,173
Change in Fair Value of Investments	-	(4,111)	(4,111)
All Other	25,000	7,363	(17,637)
Expenditures:			
Current:			
General Government	(2,377,700)	(2,174,364)	203,336
Other Financing Sources/Uses			
Short Debt Loan	1,650,000	1,650,000	-
Advance Out	(1,850,000)	-	1,850,000

Original versus Final Budget

The District had significant changes from original to final budget for 2005. First, the District decided to purchase some acreage around the Liberty Interchange to help with right-of-way issues in the future through a short-term loan financing by the County Commissioners. The budget had to change to reflect both the revenue and expenditures involved in that transaction. With the rise in the prime rate, the District was able to increase the projected interest revenue at year end.

The difference in **Advances Out** can be attributed to the District anticipating the need to fund more capital projects than what was finally needed at the end of the year. The District did not make any actual advances at the end of the fiscal year.

Final Budget versus Actual Results

The variance in **Charges for Service** can be attributed to the delay in construction as the District had projected some of the auxiliary projects associated with the Liberty Interchange would occur during 2005. The variance in **General Government** can be attributed to the District not proceeding with some additional project development and intern costs that were forecasted again for the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District had \$13.7 million invested in construction in progress assets. This amount represents a net increase (including additions and deletions) of \$2.8 million, or 25.0%, over the last year. The additions can be charged to the local governments continued use of the District's ability to process and related to environmental or engineering cost. The amount is larger than the previous year since the District purchased several parcels of land for the construction projects. For more information on capital assets, see Note 7 of the financial statements.

Debt Administration

At year-end, the District had \$109.7 million in outstanding special obligation bonds payable versus \$116.4 million last year, a decrease of 5.8%. The fiscal year 2005 interest rate was 5.00% with the interest rate graduating to 6.0% in the year of maturity in 2017. For a breakdown of the interest payment schedule, refer to Note 10 of the basic financial statements.

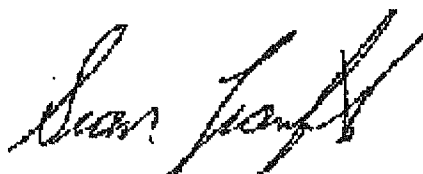
ECONOMIC FACTORS

The District has operated solely in Southeastern Butler County since its 1994 formation. The District is working on engineering for the State Route 129 Extension eastward into Liberty Township with Cox Road being a parallel connector running with Interstate 75 from the State Route 129 Extension to State Route 63. The District is also working with the local governments to proceed with the engineering to widen State Route Bypass 4. The District also expects to start construction on the third phase of SR747 widening during 2006.

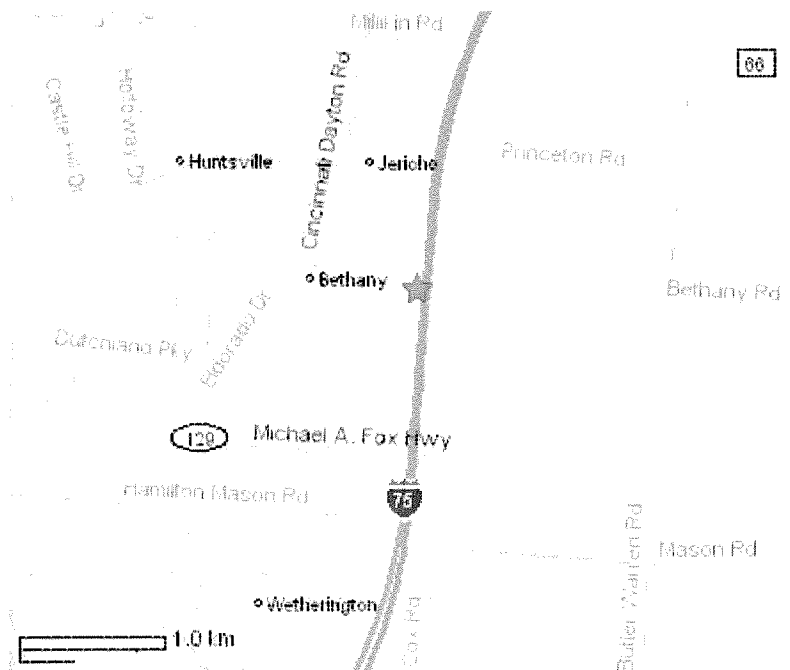
It is important that the District is able to succeed in the development of these projects not only for Butler County and its residents, but also for the longevity of the District. The District has no continuing revenue source except an administration fee charged on the various projects that it conducts.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

REQUEST FOR INFORMATION

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



Sean Fraunfelter, CPA
Finance and Administration



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

STATEMENT OF NET ASSETS DECEMBER 31, 2005

Assets:

Current Assets:

Cash and Cash Equivalents	\$	1,114,322
Restricted Cash and Cash Equivalents		566,797
Restricted Cash with Fiscal Agent		378,470
Loans Receivable		20,000
Intergovernmental Receivables		334,155
Lease Receivable		109,725,000
<i>Total Current Assets</i>		<u>112,138,744</u>

Noncurrent Assets:

Restricted Investments		13,708,888
Nondepreciable Capital Assets		13,732,805
<i>Total Noncurrent Assets</i>		<u>27,441,693</u>
Total Assets		<u>139,580,437</u>

Liabilities:

Current Liabilities:

Accounts Payable		42,434
Contracts Payable		77,420
Accrued Wages and Benefits		5,006
Intergovernmental Payable		2,928
Accrued Interest Payable		1,473,058
Special Obligation Bonds Payable		109,725,000
<i>Total Current Liabilities</i>		<u>111,325,846</u>

Noncurrent Liabilities:

Accrued Liabilities		423,402
Total Liabilities		<u>111,749,248</u>

Net Assets:

Invested in Capital Assets, Net of Related Debt		13,732,805
Restricted for:		
Capital Improvements		1,107,718
Debt Service		14,087,358
Unrestricted (Deficit)		(1,096,692)
Total Net Assets	\$	<u>27,831,189</u>

See accompanying notes to the financial statements

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Program Revenues			Net Revenue and Change in Net Assets
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 460,218	\$ 48,898	\$ 657,450	\$ 246,130
Fiscal Charges	159,666	-	-	(159,666)
Interest on Long-Term Debt	6,074,683	-	5,245,955	(828,728)
Total Primary Government	\$ 6,694,567	\$ 48,898	\$ 5,903,405	(742,264)
General Revenues:				
Unrestricted Investment Earnings				980,903
Change in Fair Value of Investments				(4,111)
Miscellaneous				211,305
Total General Revenues and Loss on Disposal				1,188,097
Change in Net Assets				445,833
Net Assets - Beginning				27,385,356
Net Assets - Ending				\$ 27,831,189

See accompanying notes to the financial statements



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<u>General</u>	<u>Debt Service</u>	<u>State Route 129 Extension</u>	<u>State Route 747</u>
Assets:				
Cash and Cash Equivalents	\$ 571,556	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Loans	20,000	-	-	-
Intergovernmental	9,995	-	-	56,846
Interfund Loan	2,185,303	-	-	-
Lease	-	109,725,000	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	-	-	-
Cash with Fiscal Agent	-	378,470	-	-
Investments	-	-	13,708,888	-
Total Assets	\$ 2,786,854	\$ 110,103,470	\$ 13,708,888	\$ 56,846
Liabilities and Fund Balances				
Liabilities:				
Payable:				
Accounts	\$ 35,507	\$ -	\$ -	\$ 4,476
Contracts	-	-	-	32,145
Accrued Wages and Benefits	5,006	-	-	-
Intergovernmental	2,928	-	-	-
Interfund Loan	-	-	39,645	142,401
Deferred Revenue	26,816	109,725,000	-	56,846
Total Liabilities	<u>70,257</u>	<u>109,725,000</u>	<u>39,645</u>	<u>235,868</u>
Fund Balances:				
Reserved for:				
Encumbrances	11,034	-	-	3,729
Debt Service	-	378,470	13,708,888	-
Unreserved, reported in:				
General	2,705,563	-	-	-
Debt Service	-	-	(39,645)	-
Capital Projects (Deficit)	-	-	-	(182,751)
Total Fund Balances (Deficit)	<u>2,716,597</u>	<u>378,470</u>	<u>13,669,243</u>	<u>(179,022)</u>
Total Liabilities and Fund Balances	\$ 2,786,854	\$ 110,103,470	\$ 13,708,888	\$ 56,846

See accompanying notes to the financial statements

**Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2005**

Liberty Interchange	Other Governmental Funds	Total Governmental Funds		
			Total Governmental Fund Balances	\$ 15,749,940
			<i>Amounts reported in governmental activities in the statement of net assets are different because:</i>	
\$ -	\$ 542,766	\$ 1,114,322	Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	13,732,805
-	-	-		
-	-	20,000		
207,749	59,565	334,155	Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.	109,969,904
-	-	2,185,303		
-	-	109,725,000		
-	566,797	566,797	Accrued interest on long-term bonds is not accounted for under modified accrual and therefore is not reported in the funds.	(1,473,058)
-	-	378,470		
-	-	13,708,888		
<u>\$ 207,749</u>	<u>\$ 1,169,128</u>	<u>\$ 128,032,935</u>	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(110,148,402)</u>
			Net Assets of Governmental Activities	<u>\$ 27,831,189</u>
\$ 2,451	\$ -	\$ 42,434		
42,731	2,544	77,420		
-	-	5,006		
-	-	2,928		
1,920,691	82,566	2,185,303		
141,582	19,660	109,969,904		
<u>2,107,455</u>	<u>104,770</u>	<u>112,282,995</u>		
752,731	4,879	772,373		
-	-	14,087,358		
-	-	2,705,563		
-	-	(39,645)		
<u>(2,652,437)</u>	<u>1,059,479</u>	<u>(1,775,709)</u>		
<u>(1,899,706)</u>	<u>1,064,358</u>	<u>15,749,940</u>		
<u>\$ 207,749</u>	<u>\$ 1,169,128</u>	<u>\$ 128,032,935</u>		

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Debt Service	State Route 129 Extension	State Route 747
Revenues:				
Intergovernmental	\$ 250,000	\$ -	\$ 11,650,955	\$ 264,775
Charges for Services	41,347	-	-	-
Investment Earnings	98,074	6,180	882,829	-
Change in Fair Value of Investments	(4,111)	-	-	-
All Other	7,363	-	-	124
Total Revenues	392,673	6,180	12,533,784	264,899
Expenditures:				
Current:				
General Government	2,200,915	-	-	-
Capital Outlay	-	-	-	336,057
Debt Service:				
Principal	-	6,405,000	-	-
Interest and Fiscal Charges	-	6,053,250	-	-
Total Expenditures	2,200,915	12,458,250	-	336,057
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,808,242)	(12,452,070)	12,533,784	(71,158)
Other Financing Sources (Uses):				
Face of Value of Debt	1,650,000	-	-	-
Transfers In	-	13,335,618	538,861	-
Transfers Out	-	(538,861)	(13,335,618)	-
Total Other Financing Sources (Uses)	1,650,000	12,796,757	(12,796,757)	-
Net Change in Fund Balances	(158,242)	344,687	(262,973)	(71,158)
Fund Balances (Deficit) - beginning	2,874,839	33,783	13,932,216	(107,864)
Fund Balances (Deficit) - ending	\$ 2,716,597	\$ 378,470	\$ 13,669,243	\$ (179,022)

See accompanying notes to the financial statements

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2005**

Liberty Interchange	Other Governmental Funds	Total Governmental Funds		
			Net Change in Governmental Fund Balances	\$ (1,925,450)
\$ 362,234	\$ 203,818	\$ 12,731,782	Amounts reported for the governmental activities in the statement of activities are different because:	
-	-	41,347		
-	-	987,083		
-	-	(4,111)	Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated to the projects as construction in progress.	2,750,570
-	-	7,487		
362,234	203,818	13,763,588	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(218,188)
-	-	2,200,915		
2,193,528	150,288	2,679,873	Collection of long-term receivables is not reflected in the statement of activities, whereas in governmental funds it is reported as revenue.	(6,405,000)
-	-	6,405,000		
-	-	6,053,250		
2,193,528	150,288	17,339,038	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long- term liabilities in the statement of net assets.	6,405,000
(1,831,294)	53,530	(3,575,450)	In the statement of activities, interest and charges are accrued on outstanding bonds, whereas, in governmental funds, they are reported when due.	(161,099)
-	-	1,650,000		
-	-	13,874,479	Change in Net Assets of Governmental Activities	<u>\$ 445,833</u>
-	-	(13,874,479)		
-	-	1,650,000		
(1,831,294)	53,530	(1,925,450)		
(68,412)	1,010,828	17,675,390		
<u>\$ (1,899,706)</u>	<u>\$ 1,064,358</u>	<u>\$ 15,749,940</u>		

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

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

Governmental Funds

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

The District reports the following major governmental funds:

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

Debt Service Fund – The Debt Service Fund accounts for the servicing of general long-term debt and revenues generated by the State Route 129 Extension that are required to be used in payment of long-term debt.

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

State Route 747 Capital Projects Fund – This fund accounts for the widening of State Route 747 from Tylersville Road to the State Route 129 Extension, also know as phase three of the widening project. The District completed the first phase in 2000 with the County Engineer starting construction on the second phase during 2005 to be completed in 2005. The District has been engineering the third phase of the project with construction to start in 2006. This fund is also responsible for the engineering and certain real property associated with the Princeton Road intersection in Liberty Township. The construction of this section was completed by the County Engineer.

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues - Exchange and Non-Exchange Transactions

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

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

Expenses/Expenditures

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

D. Cash and Cash Equivalents

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

During fiscal year 2005, investments were limited to Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes, Money Market Mutual Funds and Guaranteed Investment Contracts. Investments for the District are valued at fair value.

Following Ohio statutes, the Board of Trustees has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2005 amounts to \$98,074, which includes (\$4,603) assigned from other District funds as the capital projects funds run negative balances for most of the fiscal year. The Debt Service and State Route 129 Extension capital projects fund also received interest on trust accounts of \$6,180 and \$882,829, respectively.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Restricted Assets

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

F. Interfund Transactions

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

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

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

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not. The District maintains the ownership of the asset until a dedication plat is filed with the participating government for recording of the road. The District also owns several parcels of land at the end of the fiscal year that will be sold in future years to help finance TID operations or projects.

H. Compensated Absences

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

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Intergovernmental Revenues

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

J. Reservations of Fund Balance

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

K. Net Assets

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

L. Estimates

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

M. Deferred Revenues

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

N. Accrued Liabilities

The District reports accrued liabilities on the statement of net assets. The District reports a \$423,402 accrued liability for federal arbitrage earnings that are considered rebatable earnings. The District is required to pay ninety percent of the arbitrage every five years with the remaining ten- percent paid at maturity of the bonds.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between *total governmental fund balances* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.” The details of this \$109,969,904 are as follows:

Intergovernmental Receivable	\$244,904
Lease Receivable	<u>109,725,000</u>
Net Adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$109,969,904</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$110,148,402 are as follows:

Accrued Liabilities:	
Arbitrage Payable	\$423,402
Special Obligation Bonds Payable	<u>109,725,000</u>
Net Adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$110,148,402</u>

NOTE 2 – ACCOUNTABILITY AND COMPLIANCE

Fund Deficits

As of December 31, 2005, State Route 747, Liberty Interchange and State Route 4 Bypass Widening Capital Projects Funds had deficit fund balances of \$179,022; \$1,899,706 and \$43,685 respectively. The deficits were created through the reimbursement process of the District’s intergovernmental agreements with the participating local governments. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance

The following fund had appropriations that exceeded available balances:

Liberty Interchange	\$5,000
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The fund’s appropriations plus negative beginning balance was larger than the anticipated revenues as the District anticipated advancing monies to the fund to cover the year end deficit; however, the estimate was slightly less than what was needed to eliminate the deficit.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005*

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

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

A. Deposits

At year-end the carrying amount of the District’s deposits was \$1,224,457 and the bank balance was \$963,390. \$200,000 of bank balances were covered by federal depository insurance coverage, with \$641,134 having specific pledged collateral and \$122,256 being uninsured under federal depository coverage.

B. Investments

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

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

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The District's Investments at December 31, 2005 are summarized below:

Investment	Maturity Year	0-1 Years Before Maturity	1-5 Years Before Maturity	6 + Years Before Maturity	Credit Rating
US Bank Money Market	2005	\$4,660	0	\$0	AAA/V-1+
Federal National Mort. Assoc.	2006	99,313	0	0	NA
Federal Home Loan Bank	2006	312,769	0	0	NA
Federal Home Loan Mort Corp	2006	418,390	0	0	NA
Guaranteed Investment Contact	2019	0	0	13,708,888	AAA
Totals		<u>\$835,132</u>	<u>\$0</u>	<u>\$13,708,888</u>	

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Cash, Cash Equivalents and Investments	\$2,059,589	\$13,708,888
<u>Investments:</u>		
Federal National Mortgage Association	(99,313)	99,313
Federal Home Loan Bank	(312,769)	312,769
Federal Home Loan Mortgage Corporation	(418,390)	418,390
Money Market Mutual Fund	(4,660)	4,660
	<u>\$1,224,457</u>	<u>\$14,544,020</u>
GASB Statement No. 3		

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 4 – INTERFUND BALANCES

Interfund balances at December 31, 2005, consist of the following individual receivables and payables in the governmental fund balance sheet (such amounts are removed in the statement of net assets):

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$2,185,303	\$0
Capital Projects Funds:		
State Route 129 Extension	0	39,645
State Route 747	0	142,401
Liberty Interchange	0	1,920,691
Nonmajor Funds	0	82,566
Total Capital Projects Funds	<u>0</u>	<u>2,185,303</u>
Totals	<u>\$2,185,303</u>	<u>\$2,185,303</u>

During the year the capital projects funds expended monies for construction projects that are defined as governmental reimbursement contracts. The reimbursements were not made before year-end and the General Fund transferred monies to cover the deficits in the funds. A large portion of the interfund payable in the Liberty Interchange fund relates to the District's purchase of eighteen acres of land near the proposed interchange. The General Fund will be repaid within one year or less once the reimbursements are received.

NOTE 5 – TRANSFERS

The following is a summary of transfers in and out for all funds for 2005:

Fund	Transfer In	Transfer Out
Debt Service Fund	<u>\$13,335,618</u>	<u>\$538,861</u>
Capital Projects Funds		
State Route 129 Extension Fund	<u>538,861</u>	<u>13,335,618</u>
Totals	<u>\$13,874,479</u>	<u>\$13,874,479</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 5 – TRANSFERS (Continued)

The transfer-in in the Debt Service Fund relates to the Ohio Department of Transportation's (ODOT) lease payment recognized into the State Route 129 Extension Capital Projects Fund and then moved into the Debt Service Fund for principal and interest payment. The transfer-out in the Debt Service Fund relates to an annual movement of interest revenue as required by the supplemental trust agreement into the State Route 129 Extension Capital Projects Fund which was used to reduce the lease payment by ODOT for that period.

NOTE 6 – INTERGOVERNMENTAL REVENUES AND CHARGES FOR SERVICES

The following entities, which are a part of the District, have contributed the following funds during 2005:

Member Name	Contribution	Charge for Service
Ohio Department of Transportation	\$12,708,250	\$0
Liberty Township	570,208	19,213
City of Hamilton	135,931	3,191
City of Fairfield	43,719	966
West Chester Township	61,995	876
Butler County	26,615	372
Fairfield Township	50,464	1,237
Montgomery County TID	0	15,625

Charges for service recorded in the General Fund, represent the administrative project cost related to the engineering and design projects the District had active during 2005. The District also contracted with the Montgomery County TID for providing monthly financial services.

NOTE 7 – CAPITAL ASSETS

Summary by category of changes in capital assets:

Category	December 31, 2004	Additions	Deletions	December 31, 2005
Land Held For Resale	\$827,567	\$1,877,388	\$0	\$2,704,955
Construction in Progress	10,154,668	873,182	0	11,027,850
Totals	\$10,982,235	\$2,750,570	\$0	\$13,732,805

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005*

NOTE 8 – DEFINED BENEFIT PENSION AND POSTEMPLOYMENT BENEFITS PLANS

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The employer contribution rate was 13.55%, 9.55% to fund the pension and 4% to fund health care. The contribution requirements of plan members and the District are established and may be amended by the Public Employees Retirement Board. The District's contributions to the OPERS of Ohio for the years ending December 31, 2005, 2004, and 2003, were \$17,614, \$12,276, and \$12,235, respectively, 90 percent has been contributed for fiscal year 2005 and 100 percent has been contributed for fiscal years 2004 and 2005.

The OPERS of Ohio provides postemployment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage to be provided by the retirement system is considered Other Postemployment Benefits as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the OPERS of Ohio. The portion of the 2005 employer contribution rate (identified above) that was used to fund health care for the year 2005 was 4% of covered payroll, which amounted to \$7,188.

Other Postemployment Benefits (OPEB) are advanced-funded on an actuarially determined basis. The assumption and calculation below were based on the System's latest actuarial review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. As of December 31, 2004, the actuarial value of net assets available for future OPEB payments was \$10.5 billion. The actuarially accrued liability and the unfunded actuarially accrued liability based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively. The number of active contributing participants for OPEB at December 31, 2004 was 355,287.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 9 – LEASE

In 1996, the District entered into a Master Lease Agreement with the Ohio Department of Transportation (ODOT). The District will receive lease payments equal to the debt service requirements on the 1997 Highway Improvement Bonds for twenty years. In return the District will lease the State Route 129 Extension to ODOT. The lease expired on June 30, 2003 and was renewed for successive terms not to exceed two years upon appropriation by the Ohio General Assembly to ODOT of the amounts required for lease payments for each successive term.

After twenty years, ODOT holds a bargain purchase option on the State Route 129 Extension for one-dollar plus any outstanding liabilities and contractual obligations. If ODOT declines to exercise this option, the District will retain ownership and continue to retain all responsibility for the highway. At the end of fiscal year, ODOT intended to refinance the bonds in 2006, which will terminate the lease agreement between them and the District. For more information see note 13.

The following is a summary of future annual lease payments:

Year	Principal	Interest	Total
2006	\$109,725,000	\$6,515,990	\$116,240,990

NOTE 10 – LONG-TERM OBLIGATIONS

	Balance December 31, 2004	Issued	Retired	Balance December 31, 2005	Due Within One Year
Governmental Activities:					
Accrued Liabilities	\$263,736	\$159,666	\$0	\$423,402	\$0
Special Obligation Bonds: 4.75-6.00% 1997					
Highway Improvement	116,130,000	0	6,405,000	109,725,000	109,725,000
Governmental Activity Long-Term Liabilities	\$116,393,736	\$159,666	\$6,405,000	\$110,148,402	\$109,725,000

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

On October 1, 1997, the District issued \$158,485,000 in bonds for the purpose of acquisition, design and construction of the State Route 129 Extension between State Route 4 and Interstate 75, including the interchange at Interstate 75 and the design and construction of any necessary modifications to Interstate 75 required by the Federal Highway Administration resulting from the construction of the Union Centre and State Route 129 Extension interchanges. ODOT initiated the actions to advance refund the outstanding debt obligation and remove the liability from the District's responsibility. For more information refer to the subsequent event note.

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

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

Special Obligation Bonds

Year	Principal	Interest	Total
2006	\$109,725,000	\$6,515,990	\$116,240,990

NOTE 11 – CONSTRUCTION COMMITMENTS

The District has several major outstanding contracts for services. The following amounts remain on these contracts as of December 31, 2005:

Project and Contractor	Outstanding Balance
Resource International – IJS Study	\$706,467
Resource International – Environmental	214,660
Resource International – Cox Road	9,840
Resource International – Hamilton-Mason Road	17,936
ME Companies – Bypass 4 Widening	11,068
KZF Inc., - State Route 747	18,679
DLZ, Inc., - State Route 747	49,860

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2005, the District contracted with Cincinnati Financial Insurance Co. for liability, property, and crime damage. Coverages provided by the company are as follows:

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

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

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

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

NOTE 13 – SUBSEQUENT EVENTS

On January 5, 2006, the District's revenue bonds were refunded through the Ohio Department of Transportation (ODOT) lease agreement. ODOT had the right in the lease agreement to refinance the District's revenue bonds as long as notice was provided. ODOT provided such notice and advance refunded the bonds of \$109,725,000. The District is not a party to the newly issued debt obligation by ODOT nor did the District receive any financial benefit from the resulting advanced refunding. A calculation of the net present value savings and economic impact is not disclosed as those calculations have no impact on the District's financial statements. The District's sole benefit was the ability to remove the District's name from the State Route 129 Extension debt. The amounts on deposit for arbitrage payable will remain until the call date for the original debt in 2007.

BUTLER
COUNTY



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TRANSPORTATION IMPROVEMENT DISTRICT

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Charges for Services	163,500	185,625	41,480	(144,145)
Investment Earnings	25,000	60,000	101,173	41,173
Change in Fair Value of Investments	-	-	(4,111)	(4,111)
All Other	-	25,000	7,363	(17,637)
Total Revenues	<u>438,500</u>	<u>520,625</u>	<u>395,905</u>	<u>(124,720)</u>
Expenditures:				
Current:				
General Government				
Personal Services	205,900	286,700	249,196	37,504
Contractual Services	335,700	386,500	187,190	199,310
Materials and Supplies	64,000	28,000	50,590	(22,590)
Principal Repaid	-	1,650,000	1,650,000	-
Interest	-	16,500	16,500	-
Other	4,000	10,000	20,888	(10,888)
Total General Government	<u>609,600</u>	<u>2,377,700</u>	<u>2,174,364</u>	<u>203,336</u>
Deficiency of Revenues Under Expenditures	<u>(171,100)</u>	<u>(1,857,075)</u>	<u>(1,778,459)</u>	<u>78,616</u>
Other Financing Sources (Uses):				
Face Value of Short Term Loan	-	1,650,000	1,650,000	-
Advances Out	-	(1,850,000)	-	1,850,000
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Uses	<u>-</u>	<u>(200,000)</u>	<u>1,650,000</u>	<u>1,850,000</u>
Deficiency of Revenues Under Expenditures and Other Financing Uses	<u>(171,100)</u>	<u>(2,057,075)</u>	<u>(128,459)</u>	<u>1,928,616</u>
Fund Balance Beginning of Year	2,842,465	2,842,465	2,842,465	-
Prior Year Encumbrances	499	499	499	-
Fund Balance End of Year	<u>\$ 2,671,864</u>	<u>\$ 785,889</u>	<u>\$ 2,714,505</u>	<u>\$ 1,928,616</u>
		Budget Basis	\$ (128,459)	
		Revenue Accruals	(3,232)	
		Expenditure Accruals	(26,551)	
		GAAP Basis	<u>\$ (158,242)</u>	

See accompanying notes to the required supplementary information

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Process

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

The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified by resolution of the District Board. All funds are required to be budgeted and appropriated except for the Union Centre Boulevard Fund which has no budgetary basis activity in 2005. The level of budgetary control is at the object level for the District. Any budgetary modifications at this level may only be made by resolution of the District Board. Supplemental appropriations were necessary during the year which increased and decreased the original budget amounts.

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

1. Estimated Resources

As part of the District's budgetary process, the Board approves the official estimated resources. The official estimated resources states the projected revenue of each fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the official estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the estimated resources is amended to include any unencumbered balances from the preceding year. The estimated resources may be further amended during the year if the Board determines that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2005.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2005*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Appropriations

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

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

BUTLER
COUNTY



TID

TRANSPORTATION IMPROVEMENT DISTRICT

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

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

Union Centre Extension Fund

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

Muhlhauser Road Fund

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

State Route 4 Bypass Widening Fund

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

State Route 63 Support Fund

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

BUTLER
COUNTY



TID

TRANSPORTATION IMPROVEMENT DISTRICT

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2005

	CAPITAL PROJECTS				
	Union Centre Extension	Muhlhauser Road	State Route 4 Bypass Widening	State Route 63 Support	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 325	\$ 40,921	\$ 1,520	\$ 500,000	\$ 542,766
Receivables from Other Governments	-	-	59,565	-	59,565
Restricted Assets:					
Cash and Cash Equivalents	-	566,797	-	-	566,797
Total Assets	\$ 325	\$ 607,718	\$ 61,085	\$ 500,000	\$ 1,169,128
Liabilities:					
Contracts Payable	\$ -	\$ -	\$ 2,544	\$ -	\$ 2,544
Interfund Loan Payable	-	-	82,566	-	82,566
Deferred Revenue	-	-	19,660	-	19,660
Total Liabilities	-	-	104,770	-	104,770
Fund Balances:					
Fund Balances:					
Reserved for Encumbrances	-	-	4,879	-	4,879
Unreserved -(Deficit)	325	607,718	(48,564)	500,000	1,059,479
Total Fund Balances	325	607,718	(43,685)	500,000	1,064,358
Total Liabilities and Fund Balances	\$ 325	\$ 607,718	\$ 61,085	\$ 500,000	\$ 1,169,128

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	CAPITAL PROJECTS				Total Nonmajor Governmental Funds
	Union Centre Extension	Muhlhauser Road	State Route 4 Bypass Widening	State Route 63 Support	
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 203,818	\$ -	\$ 203,818
Total Revenues	-	-	203,818	-	203,818
Expenditures:					
Capital Outlay	-	-	150,288	-	150,288
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	53,530	-	53,530
Fund Balance - Beginning of Year	325	607,718	(97,215)	500,000	1,010,828
Fund Balance (Deficit) - End of Year	\$ 325	\$ 607,718	\$ (43,685)	\$ 500,000	\$ 1,064,358

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ 200	\$ 6,000	\$ 6,180	\$ 180
All Other			-	-
Total Revenues	200	6,000	6,180	180
Expenditures:				
Debt Service:				
Principal Retirement	6,405,000	6,405,000	6,405,000	-
Interest and Fiscal Charges	6,213,375	6,213,375	6,053,250	160,125
Total Expenditures	12,618,375	12,618,375	12,458,250	160,125
Deficiency of Revenues Under Expenditures	(12,618,175)	(12,612,375)	(12,452,070)	160,305
Other Financing Sources (Uses):				
Transfers In	12,621,875	13,400,000	13,335,618	(64,382)
Transfers Out	(2,500)	(500,000)	(475,113)	24,887
Total Other Financing Sources (Uses)	12,619,375	12,900,000	12,860,505	(39,495)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,200	287,625	408,435	120,810
Fund Balance Beginning of Year	33,783	33,783	33,783	-
Fund Balance End of Year	\$ 34,983	\$ 321,408	\$ 442,218	\$ 120,810

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) STATE ROUTE 129 EXTENSION CAPITAL PROJECTS FUND FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 11,918,375	\$ 11,918,375	\$ 11,650,955	\$ (267,420)
Investment Earnings	703,500	900,000	882,829	(17,171)
Total Revenues	12,621,875	12,818,375	12,533,784	(284,591)
Expenditures:				
Current:				
General Government	1,000	1,000	-	1,000
Total Expenditures	1,000	1,000	-	1,000
Excess of Revenues Over Expenditures	12,620,875	12,817,375	12,533,784	(283,591)
Other Financing Sources (Uses):				
Transfers In	-	500,000	475,113	(24,887)
Transfers Out	(12,621,875)	(13,969,943)	(13,335,618)	634,325
Total Other Financing Sources (Uses)	(12,621,875)	(13,469,943)	(12,860,505)	609,438
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,000)	(652,568)	(326,721)	325,847
Fund Balance Beginning of Year	13,969,943	13,969,943	13,969,943	-
Fund Balance End of Year	\$ 13,968,943	\$ 13,317,375	\$ 13,643,222	\$ 325,847

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LIBERTY INTERCHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 776,282	\$ 776,282	\$ 325,330	\$ (450,952)
Total Revenues	<u>776,282</u>	<u>776,282</u>	<u>325,330</u>	<u>(450,952)</u>
Expenditures:				
Capital Outlay	2,550,000	2,555,000	2,186,122	368,878
Excess of Revenues Over Expenditures	(1,773,718)	(1,778,718)	(1,860,792)	(82,074)
Other Financing Sources:				
Advances In	4,000,000	1,850,000	-	(1,850,000)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	2,226,282	71,282	(1,860,792)	(1,932,074)
Fund Balance (Deficit) Beginning of Year	(1,213,839)	(1,213,839)	(1,213,839)	-
Prior Year Encumbrances	1,137,557	1,137,557	1,137,557	-
Fund Balance (Deficit) End of Year	<u>\$ 2,150,000</u>	<u>\$ (5,000)</u>	<u>\$ (1,937,074)</u>	<u>\$ (1,932,074)</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE ROUTE 747 FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 423,491	\$ 478,491	\$ 264,775	\$ (213,716)
All Other	350,000	-	124	124
Total Revenues	<u>773,491</u>	<u>478,491</u>	<u>264,899</u>	<u>(213,592)</u>
Expenditures:				
Capital Outlay	360,758	415,758	365,479	50,279
Debt Service:				
Principal Retirement	350,000	-	-	-
Total Expenditures	<u>710,758</u>	<u>415,758</u>	<u>365,479</u>	<u>50,279</u>
Deficiency of Revenues Under Expenditures	62,733	62,733	(100,580)	(163,313)
Fund Balance (Deficit) Beginning of Year	(103,728)	(103,728)	(103,728)	-
Prior Year Encumbrances	40,995	40,995	40,995	-
Fund Balance (Deficit) End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (163,313)</u>	<u>\$ (163,313)</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

UNION CENTRE EXTENSION FUND

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

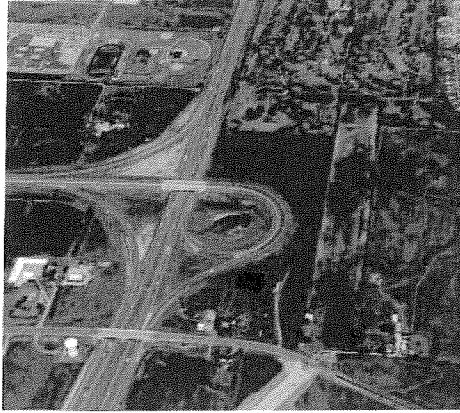
	STATE ROUTE 4 BYPASS WIDENING			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 1,262,347	\$ 1,262,347	\$ 189,014	\$ (1,073,333)
Total Revenues	<u>1,262,347</u>	<u>1,262,347</u>	<u>189,014</u>	<u>(1,073,333)</u>
Expenditures:				
Capital Outlay	<u>1,157,600</u>	<u>1,157,600</u>	<u>160,313</u>	<u>997,287</u>
Excess of Revenues Over Expenditures	104,747	104,747	28,701	(76,046)
Fund Balance (Deficit) Beginning of Year	(216,985)	(216,985)	(216,985)	-
Prior Year Encumbrances	112,238	112,238	112,238	-
Fund Balance (Deficit) End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76,046)</u>	<u>\$ (76,046)</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

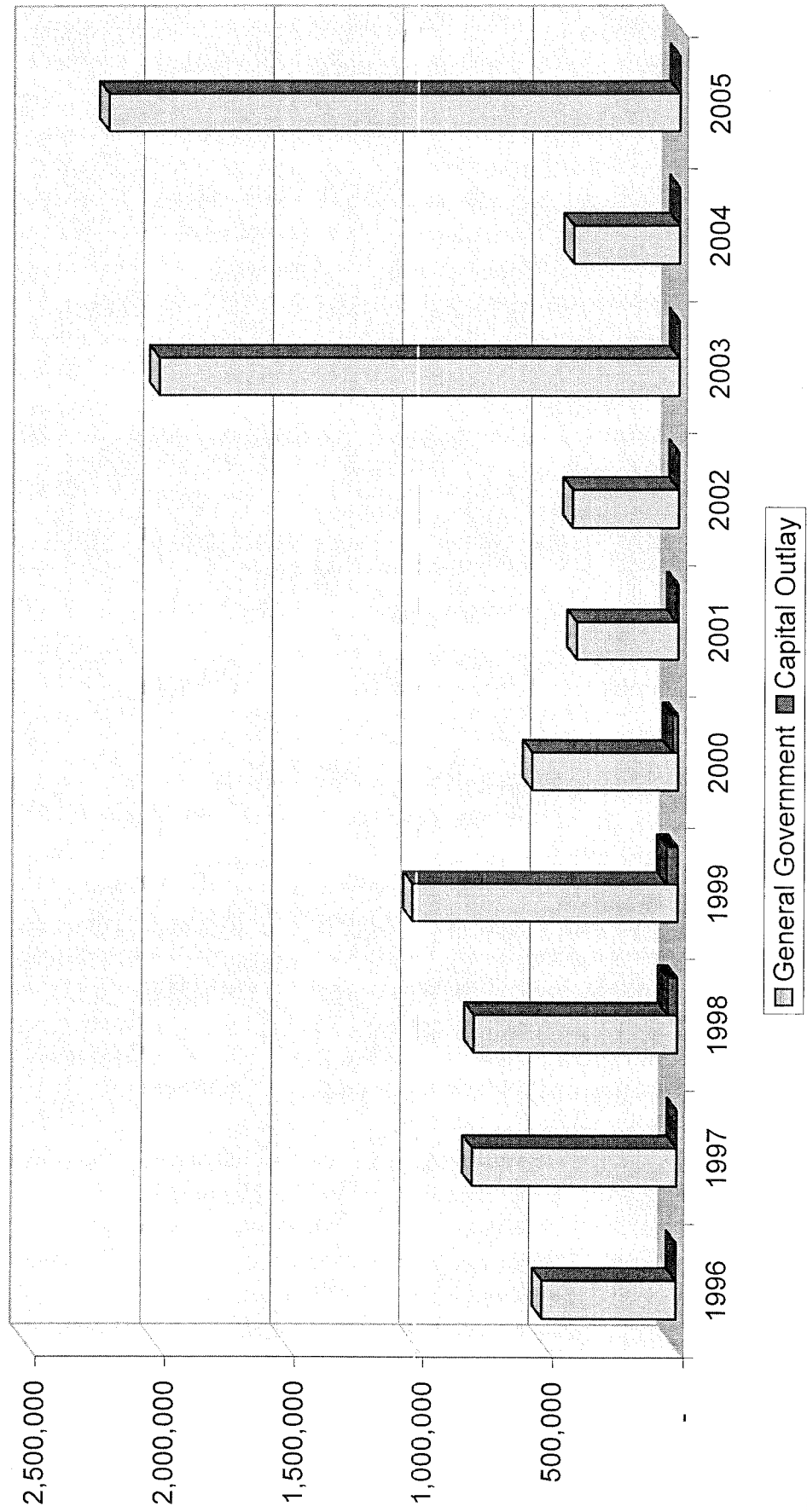
Liberty Interchange



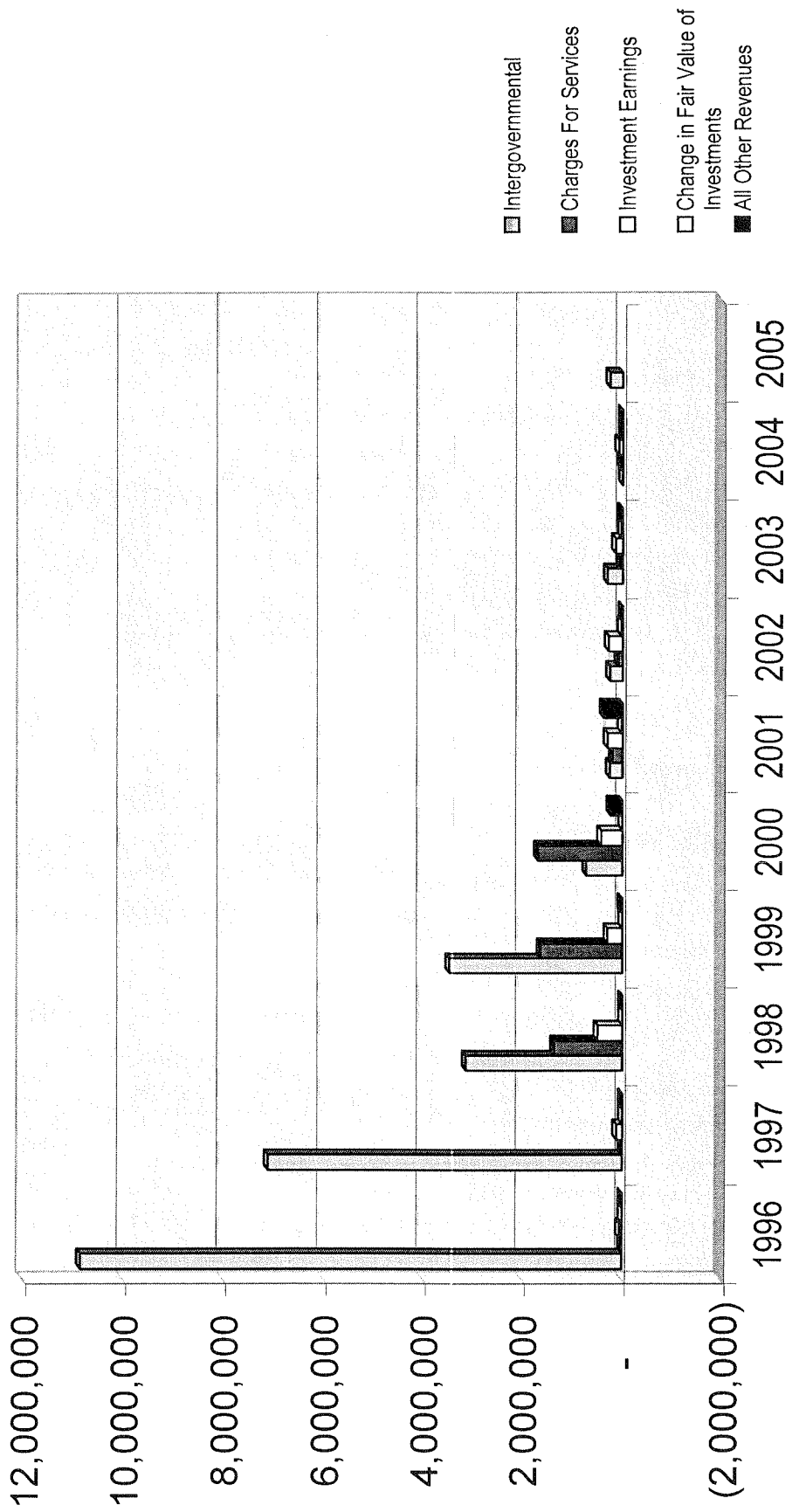
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General Fund Expenditures by Function Last Ten Years



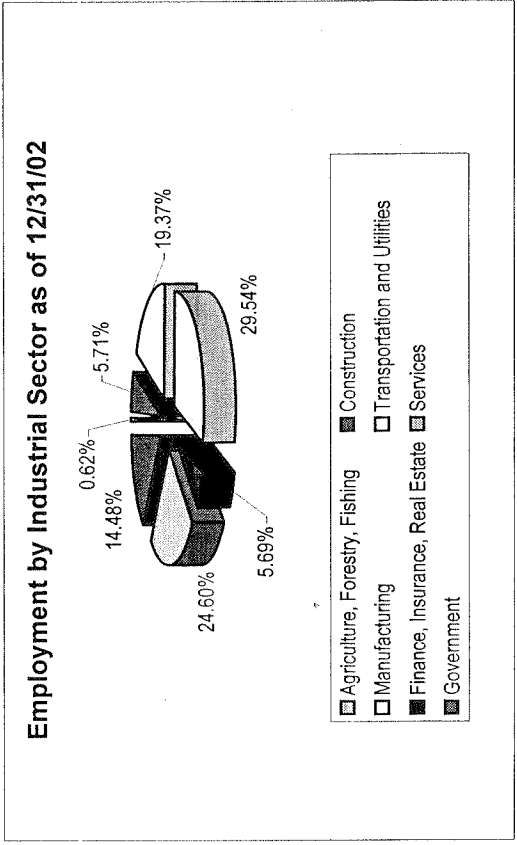
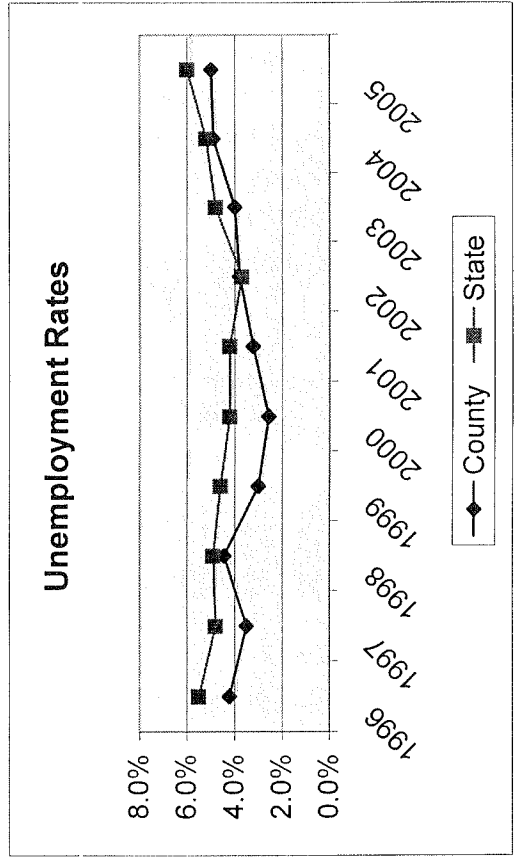
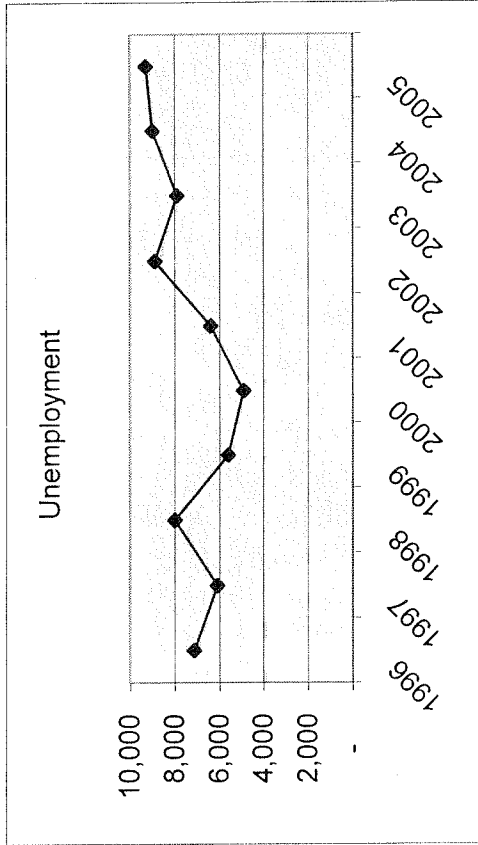
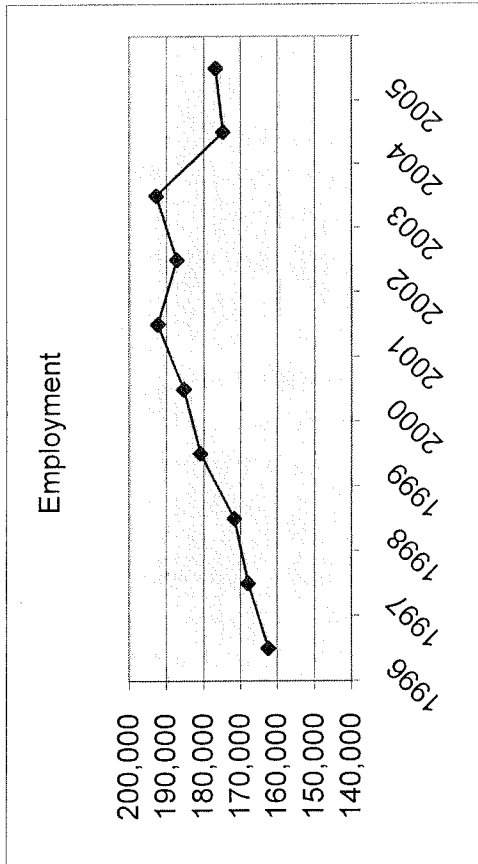
General Fund Revenues by Source Last Ten Years



Source: Transportation Improvement District

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
 DEMOGRAPHIC STATISTICS
 DECEMBER 31, 2005**

Labor Force Statistics



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

LAST TEN YEARS

<u>Year</u>	<u>Real Property (1)</u>	<u>Total New Construction (1)</u>	<u>Bank Deposits (2)</u>
1996	\$ 3,547,997,320	\$ 130,007,390	\$ 783,398,000
1997	3,939,072,770	124,087,190	815,435,000
1998	4,068,350,540	132,338,540	864,105,000
1999	4,199,464,910	136,101,740	913,169,000
2000	4,764,719,420	199,539,300	1,152,810,000
2001	4,990,028,970	204,171,630	1,136,994,000
2002	5,144,613,220	177,181,250	1,257,078,000
2003	6,043,237,390	178,991,690	1,355,739,000
2004	6,175,495,560	173,316,020	10,267,537,000
2005	6,935,887,900	191,612,880	3,053,270,000

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MISCELLANEOUS STATISTICS

DECEMBER 31, 2005

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

County: Butler

County Seat: City of Hamilton, Ohio

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

Number of Interstate
Highways inside the District: 2 (Interstate 75)
(State Route 129)

Source: Transportation Improvement District



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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio (the "District") as of and for the year ended December 31, 2005, which collectively comprise its basic financial statements, and have issued our report thereon dated March 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

We also noted certain additional matters that we have reported to the Organization's management in a separate letter dated March 30, 2006.

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

March 30, 2006

BKD, LLP



Mary Taylor, CPA
Auditor of State

BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 8, 2007**