

TRANSPORTATION IMPROVEMENT
DISTRICT OF BUTLER COUNTY, OHIO

Independent Auditors' Report on
Internal Controls and Compliance

December 31, 2008



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Transportation Improvement District of Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 2, 2009

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AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Transportation Improvement District of Butler County, Ohio (the District) as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described and labeled as item 2008-1 in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

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

105 east fourth street, ste. 1500
cincinnati, oh 45202

www.cshco.com
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f. 513.241.1212

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider item 2008-1 to be a material weakness.

Compliance And Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated May 26, 2009.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Trustees, the Ohio Auditor of State and others within the entity, and is not intended to be and should not be used by anyone other than those specified parties.

Clark, Schaefer, Haskett & Co.

Cincinnati, Ohio
May 26, 2009

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
Schedule of Findings and Responses
Year Ended December 31, 2008

Financial Statement Findings

Finding 2008-1 – Audit Adjustments

During the course of our audit, we identified misstatements in the financial statements for the year under audit that were not initially identified by the District's internal control. Throughout the year, the District maintains its books and records on a cash basis of accounting and converts its financial statements at year end to generally accepted accounting principles. The audit adjustments were necessary to correct errors in the District's conversion process. A description of the adjustment follows.

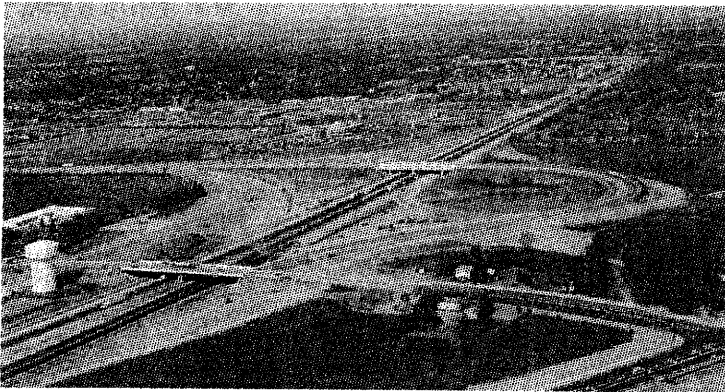
- **Net Assets.** An audit adjustment was necessary to correct the District's restrictions of net assets. The District miscalculated net assets invested in capital assets net of related debt by \$17,026,890 and net assets restricted for capital projects by \$7,874,713.

We recommend the District implement reporting procedures to ensure all accounts are properly reported in the financial statements.

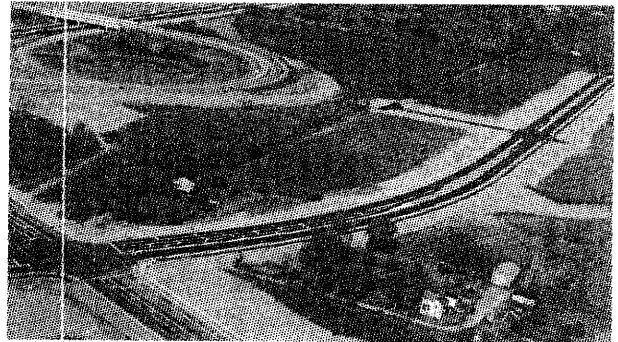
Management response: *Management concurs with the finding.*

Comprehensive Annual Financial Report
For the Year Ended December 31, 2008

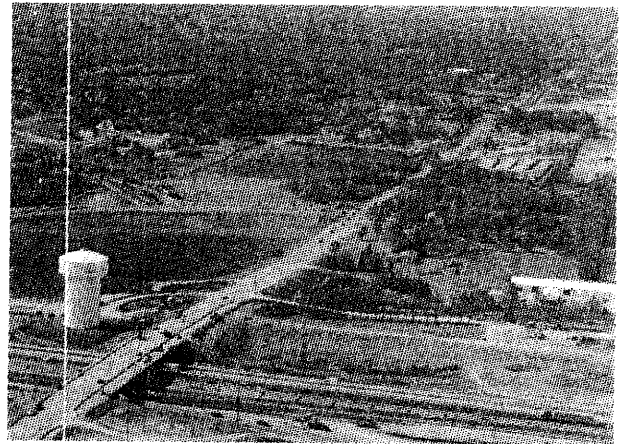
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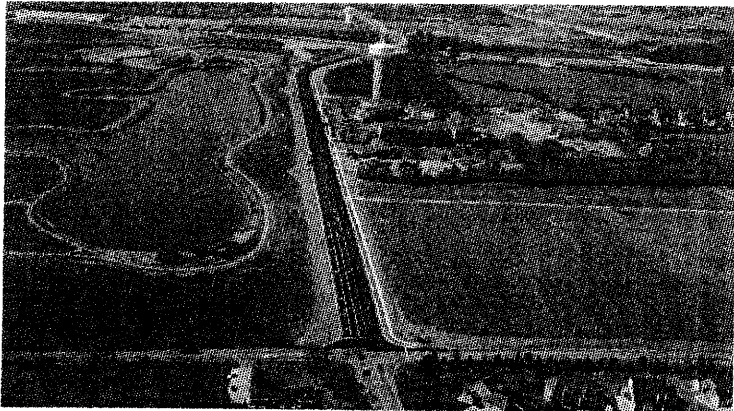
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#4



#3



The Liberty Interchange phases

- #1 - Interchange proper - connect State Route 129 to Hamilton Mason Road
- #2 - Cox Road Intersection with Cox Road Extension going north (towards right)
- #3 - Hamilton Mason East Road Widening - VOA lake shown looking west.
- #4 - Hamilton Mason West Road Widening - Under construction in 2009.

*Transportation Improvement District
of Butler County, Ohio*



Comprehensive Annual Financial Report
For the Year Ended December 31, 2008

Prepared by: Sean Fraunfelter, CPA - Finance Department

Transportation Improvement District of Butler County, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2008
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May 26, 2009

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, 2008. 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 2008.

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

FORM OF GOVERNMENT AND REPORTING ENTITY

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

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

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

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

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

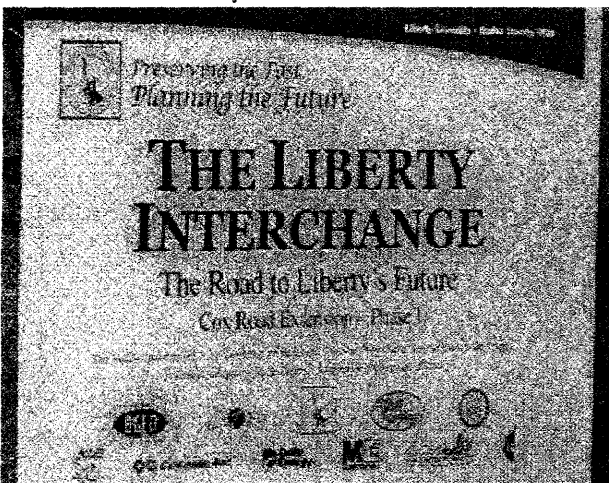
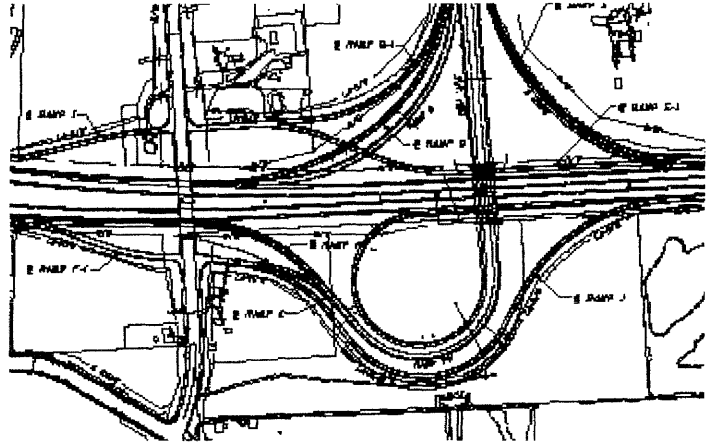
MAJOR INITIATIVES - TID completes two of four phases with rest coming in 2009.

Liberty Interchange

Liberty and West Chester Townships have experienced substantial economic development from the State Route 129 Extension at Cincinnati-Dayton Road over the past year as Cincinnati Children's Hospital now has a full service facility just to northwest of the Interchange and the Health Alliance has opened a multiple story hospital facility building.

The Liberty Township anticipates more commercial usage by utilizing over three hundred acres of prime development on the eastern end of the State Route 129 Extension. The Township approached the TID in 2001 to manage a feasibility study modifying the State Route 129 Extension into a full interchange at Interstate 75. The TID started extending Cox Road from Hamilton-Mason Road, where it currently ends, north through Liberty Township as a parallel facility or arterial to Interstate 75. The ultimate destination point would be State Route 63. The State Route 129 Extension would then extend connections to the local arterial network.

In October 2003, the preferred alternative was submitted to the stakeholders for approval and the **Collector/Distributor to Hamilton-Mason Road with a Cox Road Extension** was selected (current design on right). The TID has received approval from the Federal Highway Administration for approval. The engineering work was started in 2004 on both Hamilton-Mason Road and Cox Road with Cox Road under construction in December 2007 and Hamilton-Mason Road started in early 2008.



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

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

During 2007, the TID, Butler County, Liberty Township and West Chester Township worked very hard to determine the financing plan and desired timing of construction for the project. The original concept of the Liberty Interchange is broken down into four phases: Cox Road North Extension, Hamilton-Mason Road east (Interstate 75 to Butler-Warren Road), Hamilton-Mason Road west (Interstate 75 to Cincinnati-Dayton Road), and then the interchange proper, which creates the interchange at the Hamilton-Mason Road bridge over Interstate 75 to about six hundred feet east and west of the bridge. The financing documents were put together with local government pledges enabling the District to issue \$41,130,000 to finance the Liberty Interchange project in February 2007.

During 2008, the District was able to successfully complete the Cox Road and Hamilton Mason East components on the prescribed timeline and under budget. The construction bids on the interchange proper were over 15% less than the estimate and is slated for completion in the fall of 2009. Towards the end of 2008, the District bid the Hamilton Mason West phase of the project. Despite bids being higher than anticipated, the bid was accepted and earthwork started over the winter.

State Route 747 Phase III Widening

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

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



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

Bypass State Route 4 Widening/Airport Access

There is a significant amount of history associated with the Bypass widening that anyone with Butler County knows all about. Today, the amount of traffic on the Bypass has called for a new design concept called a "Superstreet" that would be required at three of the intersections. For example, the superstreet design at Ohio 4 Bypass and Hamilton-Mason Road, a driver westbound on Hamilton-Mason -- in order to continue west on that road -- would (1) turn right, or northbound, onto the bypass, (2) proceed to the left to the median crossover, (3) make a left U-turn onto the southbound bypass lanes and (4) then turn right at Hamilton-Mason. Through traffic on the bypass would continue without turns. The TID has started working with the engineering consultant to move forward with this process. The TID has secured \$2.95 million in highway safety money for the Symmes Road intersection improvements and \$1.2 million in grant money for the engineering design during 2007. During 2008, the TID applied for and was successful in getting construction grants for phases 2 and 3 of the widening project. With the Butler County Engineer's Office completing phase 1 and the City of Fairfield handling phase 4, this road will finally realize what everyone said should have been done when it was originally constructed in the 1960s - four plus lanes for a solid five miles.

ECONOMIC CONDITION AND OUTLOOK

The TID has seen state and federal project government financing on the decline. With continued State of Ohio budget cuts, the local governments are strapped for finding ways to allocate money for major infrastructure projects. The State has also continued with its restrictions on funding certain projects through their TRAC Program. The local governments that participate in TID projects continue to be aggressive with their economic development plans. Without this forward thinking of our local government officials, the TID would be in jeopardy of financing projects.

The TID can work with local officials to bring together an interchange or a widening project, but these projects can't happen without the financing commitment from the local governments. With tight budgets, local governments have turned to alternative methods for financing construction projects that are necessary for either safety improvements or to bring in more development for the area. More tax increment financing areas are being used with joint economic districts being discussed more and more as ways to pay for these necessary improvements.

TID INTERNAL CONTROLS

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

SIGNIFICANT FINANCIAL POLICIES

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

CASH MANAGEMENT

Operating cash temporarily idle during the year was invested in higher yielding savings accounts. The TID has decided to keep more cash liquid in short term investments and high yield saving accounts over the past six months and for the immediate future with the increased need for project dollars. The TID has three projects moving in fast forward position as each project is financed on a reimbursement basis, thereby causing the TID to use its bank account to finance the costs until the reimbursement is received. The TID has also placed a significant portion of the free cash flow into land held for resale that could provide a continued revenue source for the TID in the future. The TID is still exploring alternatives for a full time revenue source. Some ideas have been considered and are still under evaluation and will possibly be obtained during the next several years.

During 2007, the TID issued over \$41 million in revenue bonds for the Liberty Interchange project. Those funds were invested in specific timed investments of certificates of deposits based on the related investment draw schedule. The TID earned \$873,004 in interest on those related trust accounts during 2008.

RISK MANAGEMENT

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

AUDIT

An audit team from Clark Schaefer Hackett & Company has performed this year's audit. The results of the audit are presented in the Independent Auditors Report.

AWARDS AND ACKNOWLEDGMENTS

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, 2007. This was the thirteenth consecutive year that the TID has received this award for excellence and the ninth 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.

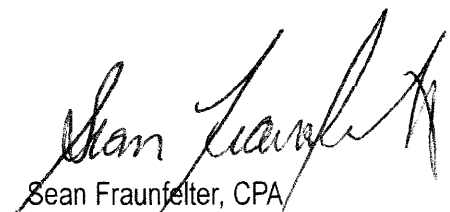
The TID staff works to develop a level of professionalism and sound financial reporting. The preparation and publication of this CAFR serves as a cornerstone for the TID's efforts. A special note of acknowledgment is presented to our Board of Trustees for their knowledge and dedication serving as volunteers to the TID. 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, 2008.

Respectfully submitted,



Ronald H. Porter, P.S.
Executive Director

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



Sean Fraunfelder, CPA
Finance and Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Butler County
Transportation Improvement
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



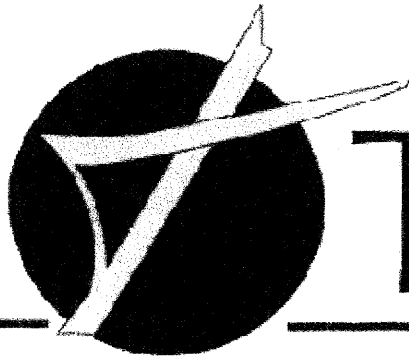
A handwritten signature in black ink, appearing to read "M. L. R.", is written over the printed name.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer", is written over the printed name.

Executive Director

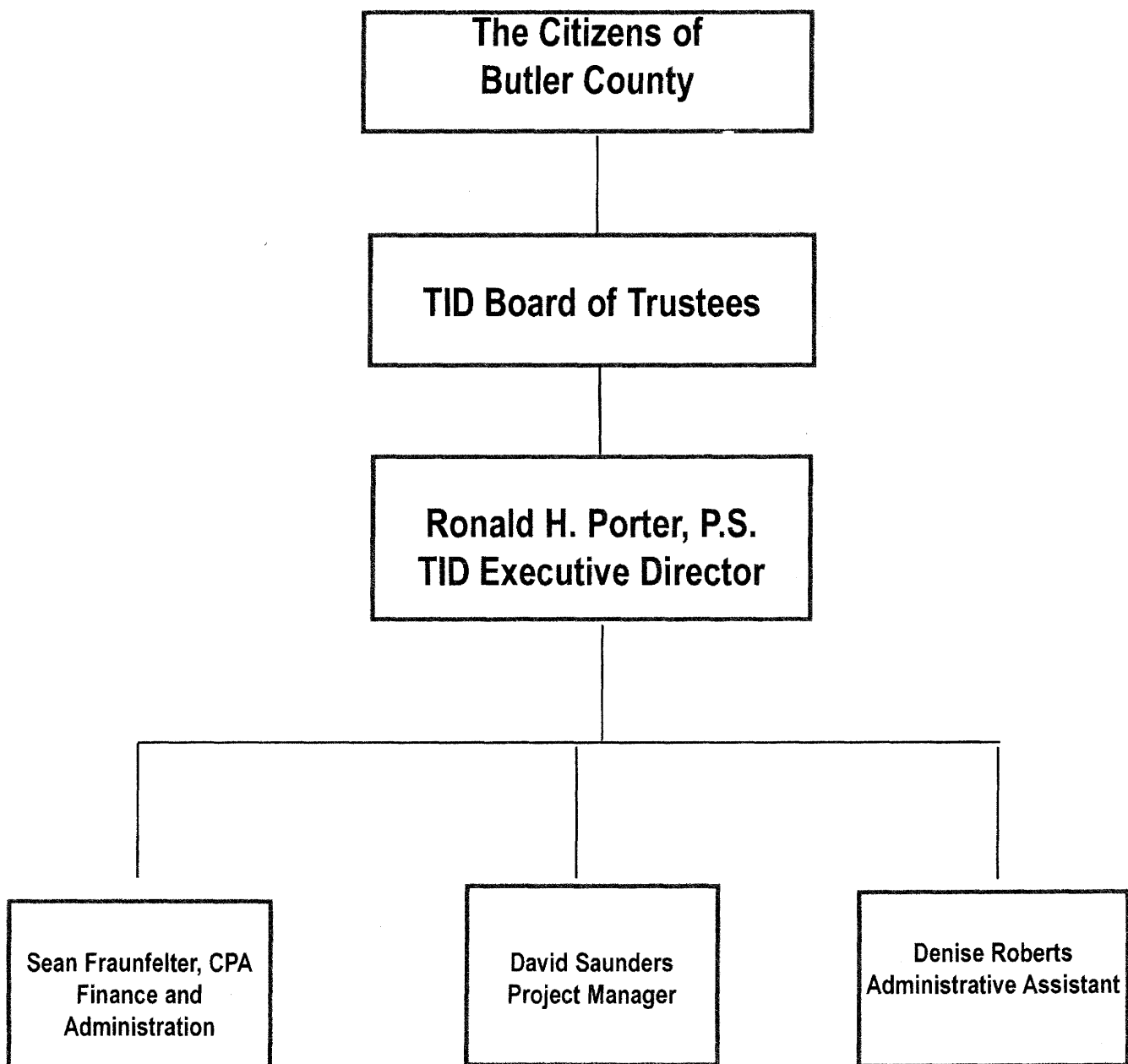
**BUTLER
COUNTY**



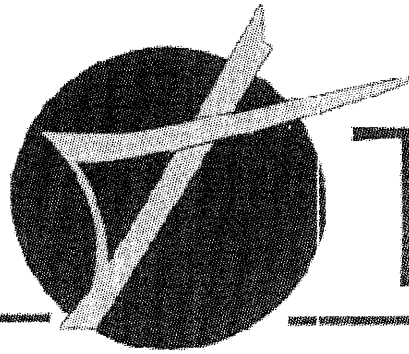
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TRANSPORTATION IMPROVEMENT DISTRICT

2008 Staff Organizational Chart



BUTLER
COUNTY

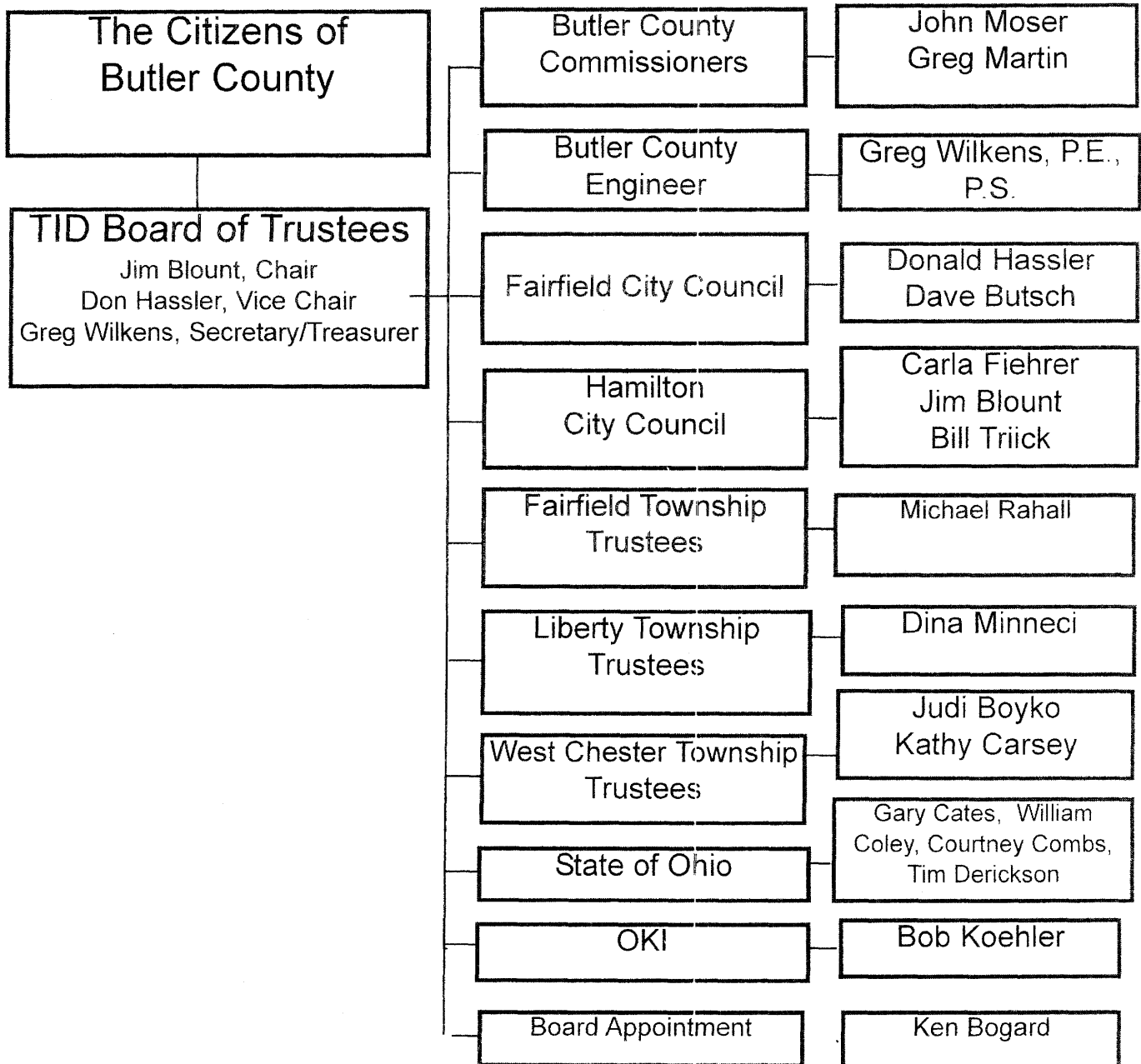


TID

TRANSPORTATION IMPROVEMENT DISTRICT

2008 Board of Trustees

Organizational Chart



FINANCIAL

SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio (the District) as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 10 and 33 through 35, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

105 east fourth street, ste. 1500
cincinnati, oh 45202

www.cshco.com
p. 513.241.3111
f. 513.241.1212

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

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
May 26, 2009

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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, 2008. 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 \$6.1 million, which represents a 30.6 percent increase from 2007 as the participating governments paid in a significant amount of pledged revenues from the Liberty Interchange financing along with Butler County's \$3 million special assessment contribution to the Cox Road Extension.
- General revenues accounted for \$0.9 million in revenues or 10 percent of all revenues. Program specific revenues in the form of charges for services and capital grants accounted for \$7.8 million or 90 percent of all revenues.
- The District added \$20.2 million in capital assets during the current year as two phases of the Liberty Interchange projects were completed and a significant portion of the new interchange on Interstate 75 was underway.
- Among the major funds, the Liberty Interchange fund had expenditures of \$21.6 million as the District spent significant dollars on actual construction of three phases of the four phase project.
- Since inception, the District has spent over \$267 million on construction projects in Butler County proving the District is a vital governmental tool to be used by the local governments to help increase the movement of the Butler County residents and open up valuable acreage for development that will keep Butler County as one of the growing communities in Ohio.

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.

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

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements can be found on pages 18-32 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules and statistical information which can be found on pages 33-60 of this report.

THE DISTRICT AS A WHOLE

The District's total net assets changed dramatically from a year ago, increasing from \$19.9 million to \$26.0 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)

	2007	2008		2007	2008
Current and other assets	\$ 33.2	\$ 17.8	Net assets:		
Capital assets	31.6	51.8	Invested in capital assets	\$ 16.5	\$ 18.5
Total Assets	64.8	69.6	Restricted	1.7	6.9
			Unrestricted	1.7	0.6
Long-term obligations	(42.7)	(42.7)	Total net assets	\$ 19.9	\$ 26.0
Other liabilities	(2.2)	(0.9)			
Total Liabilities	(44.9)	(43.6)			

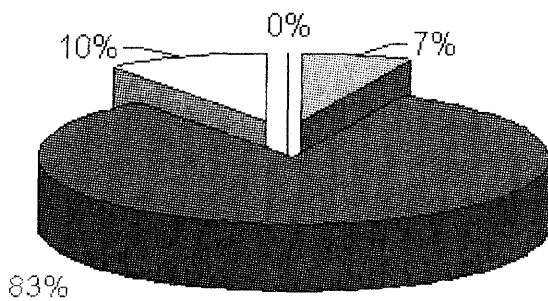
Net assets of the District's activities increased 30.1 percent or \$6.1 million. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased by \$1.1 million from 2007 as outstanding reimbursements were received. The largest increase was in invested capital assets where the District realized a \$2 million increase as three of four phases were completed under significantly under construction on the Liberty Interchange project. This project will be the District's third interchange on Interstate 75 since 1997.

Table 2 compares the 2008 change in net assets to the 2007 change in net assets.

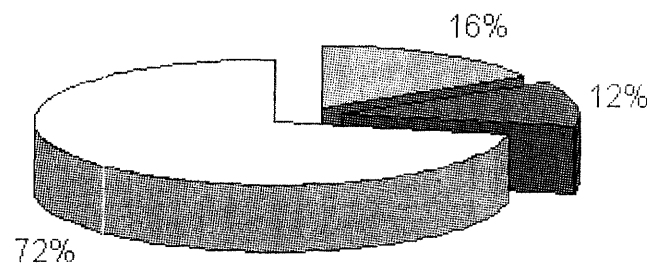
Table 2
Changes in Net Assets for 2008
Compared with 2007 activity
(in millions)

	2007	2008	Change
Program Revenues:			
Charges for Services	\$ -	\$ 0.6	\$ 0.6
Capital Grants	5.6	7.2	1.6
General Revenues:			
Other	1.7	0.8	(0.9)
Total Revenues	7.3	8.6	1.3
Program Expenses			
General Government	2.3	0.4	(1.9)
Fiscal Charges	-	0.3	0.3
Interest of Long-Term Debt	1.6	1.8	0.2
Total Expenses	3.9	2.5	(1.4)
Change in Net Assets	3.4	6.1	2.7
Beginning Net Assets	16.5	19.9	3.4
Ending Net Assets	\$ 19.9	\$ 26.0	\$ 6.1

2008 Governmental Activities Revenues



2008 Governmental Activities Expenses



Charges for Services
 Capital Grants
 Interest
 Other
 General Government
 Fiscal Charges
 Interest on Long-Term Debt

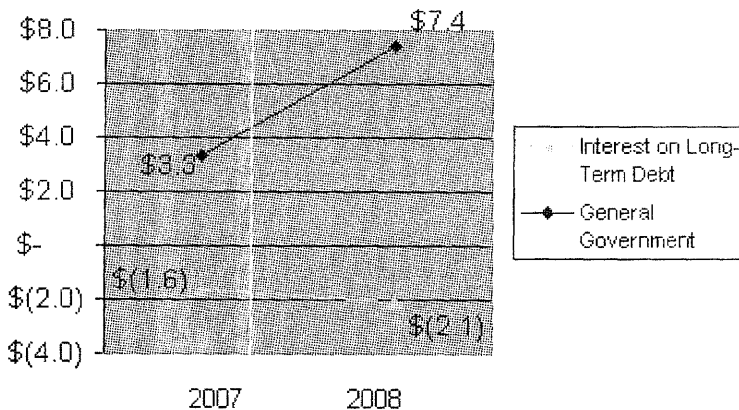
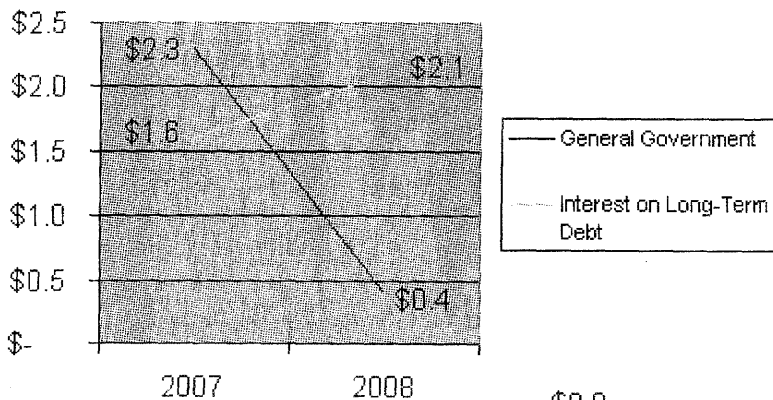
The District saw expenses decrease over 2007 as more costs were capitalized with the construction of several projects going on. The District saw several large changes in the revenues during the year. The most significant was in capital grants and contributions that increased \$1.6 million from 2007. The District receives pledged revenue from the local governments to help fund the Liberty Interchange project. The District also received the majority of the \$3 million assessment from the County on the Cox Road Extension. The District saw interest rates dwindle to almost nothing causing a significant reduction in the interest earnings for the related construction and bond accounts represented in other revenue.

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	
	2007	2008	2007	2008
General Government	\$ 2.3	\$ 0.4	\$ 3.3	\$ 7.4
Interest on Long-Term Debt	1.6	2.1	(1.6)	(2.1)
Total Expenses	\$ 3.9	\$ 2.5	\$ 1.7	\$ 5.3

The graphs below depict the change in cost of services for the program expenses from 2007 to 2008 and also shows the net cost of services for those expenses in the two years.



THE DISTRICT'S FUNDS

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

Table 4
Year End Fund Balances
in (Millions)

	2007	2008	% Change
General	\$ 2.8	\$ 3.2	14.3%
State Route 747	(0.9)	(0.7)	-22.2%
Liberty Interchange	27.3	12.8	-53.1%
State Route 4 Bypass Widening	-	(0.2)	-100.0%
Nonmajor Funds	0.1	-	-100.0%
Total Governmental Balances	\$ 29.3	\$ 15.1	-48.5%

The 14.3% increase in the **General Fund** can be credited to the District receiving the ODOD grant for fiscal year 2007 in 2008 as the process was delayed. The District took down the initial administrative fee from the Liberty Interchange right of way and construction management for about \$0.60 million during 2009.

The 22.2% decrease for the **State Route 747 Fund** is attributed to final work management of the project not billed for reimbursement as the District was finalizing all remaining issues on the project with the Ohio Department of Transportation.

The 53.1% decrease for the **Liberty Interchange Fund** is attributed to spending down the bond proceeds for construction of the Cox Road Extension (\$1.6 million above the \$3 million assessment, \$2.6 million on Hamilton Mason East widening and \$10.7 million draw by the Ohio Department of Transportation for construction on the new interchange.)

For 2008, the **State Route Bypass 4 Widening Fund** is a major fund as the District started engineering on Phase 2 (Symmes Road south to bridge) and Phase 3 (bridge to north of Tylersville) with the reimbursements outstanding at year end. The District was successful in two grant applications through Ohio Kentucky Indiana Regional Council of Governments to fund these projects. Along with the City of Fairfield and the Butler County Engineer's Office, Bypass 4 should be widened from the southern terminus to State Route 129 by 2012.

Table 5 presents a summary of governmental fund revenues for the 2008 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	2008	Percent	Increase	Percent
	Amount	of Total	(Decrease) Over 2007	Increase (Decrease)
Intergovernmental	\$ 7,232,136	84.4%	\$ 1,679,180	30.2%
Charges for Services	619,525	7.2%	595,353	2463.0%
Investment Earnings	877,121	10.2%	(609,316)	-41.0%
Change in Fair Value	(164,276)	-1.9%	(328,552)	-200.0%
Other	3,761	7.5%	(1,571)	-29.5%
Total	\$ 8,568,267	100.0%	\$ 1,335,094	18.5%

The 30% increase in **intergovernmental revenues** is related to the County assessment money received and payments received from Liberty Township, Butler County and West Chester Township for debt service payments on the Liberty Interchange debt financing. The 2463% increase in **charges for services** can be related to the District drawing down \$.60 million in fees on the Liberty Interchange for 2008. **Interest and change in fair value** go hand in hand as the District saw the ability to invest in governmental agencies decrease with the interest rate free fall. The District put the majority of available funds in certificates of deposit. The District's decrease in **other revenues** relates rebates and tax refunds received in 2007 that were not received during 2008.

Table 6 presents the General Fund budget and the difference between the original budget and final budget for fiscal year 2008. 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	150,000	528,225	378,225
Investment Earnings	30,000	3,000	(27,000)
Other	-	50,000	50,000
Expenditures:			
Current			
General Government	655,159	482,742	172,417

Original versus Final Budget

The District had significant changes from original to final budget for 2008. First, the District had not anticipated drawing the administrative fees on components of the Liberty Interchange project; however, with bids known on all the phases the portion earned was received (**Charges for Services**) for the District in 2008. The District increased the budget for **Other Revenue** as it anticipated that District's loan to Butler County Economic Development for an electric lock switch would be partially repaid based on payment made on the loan from CSX rebates and available balances, but those funds did not come in during 2008.

Table 7
Final Budget versus Actual Results
General Fund

	Final Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Charges for Services	528,225	617,650	89,425
Investment Earnings	3,000	2,882	(118)
All Other	50,000	414	(49,586)
Expenditures:			
Current:			
General Government	482,742	457,041	25,701

Final Budget versus Actual Results

The variance in **other revenues** was related to the loan repayment being delayed in processing until 2009. The District also saw **charges for services** increase by almost 17% over the final budget as the District used actual costs to draw the administrative fee on the Liberty Interchange. The District also receives a fee for shared accounting services and some revenue from the State Route 4 Bypass Widening environmental work.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District had \$51.8 million invested in land held for resale and construction in progress assets. This amount represents a net increase (including additions and deletions) of \$20.2 million, or 64%, over the last year. The District spent over \$19.6 million on the various construction components and right of way for the Liberty Interchange. For more information on capital assets, see Note 6 of the financial statements.

Debt Administration

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

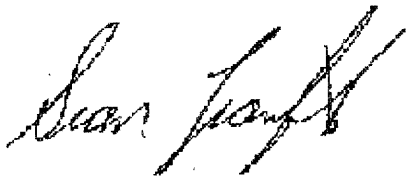
ECONOMIC FACTORS

The District has operated solely in Southeastern Butler County since its 1994 formation. The District opened the Cox Road Extension and Hamilton Mason East widening to the public during the fall of 2008. Along with the actual interchange and the Hamilton Mason West widening, these projects will open up hundreds of acres for commercial development that will generate additional property and income tax for the area, as well as sales tax. The District was successful in receiving over \$11 million in grant dollars to help pay for the construction of the State Route 4 Bypass widening. When the road is widened from the Fairfield terminus to the State Route 129 extension it will allow for a free flow of traffic and open up other valuable sites in Fairfield, Hamilton and Fairfield Township for development.

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, 1921 Fairgrove Ave., Hamilton, Ohio 45011



Sean Fraunfelter, CPA
Finance and Administration



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 989,549
Restricted Cash with Fiscal Agent	14,844,382
Accounts Receivable	1,998
Interest Receivable	13,642
Intergovernmental Receivables	712,557
Loans Receivable	70,000
<i>Total Current Assets</i>	<u>16,632,128</u>
Noncurrent Assets:	
Deferred Charges	1,174,292
Nondepreciable Capital Assets	51,778,043
<i>Total Noncurrent Assets</i>	<u>52,952,335</u>
Total Assets	<u>69,584,463</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	49,282
Contracts Payable	572,568
Accrued Wages and Benefits	5,771
Intergovernmental Payable	2,584
Accrued Interest Payable	165,040
Deferred Revenue	100,000
<i>Total Current Liabilities</i>	<u>895,245</u>
Noncurrent Liabilities:	
Special Obligation Bonds Payable	42,667,945
<i>Total Noncurrent Liabilities</i>	<u>42,667,945</u>
Total Liabilities	<u>43,563,190</u>
Net Assets:	
Invested in Capital Assets, net of related debt	18,504,670
Restricted for:	
Capital Improvements	3,524,296
Debt Service	3,345,372
Unrestricted	646,935
Total Net Assets	<u>\$ 26,021,273</u>

See accompanying notes to the financial statements

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net Revenue and</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Capital</u>	<u>Change in Net Assets</u>
		<u>Services</u>	<u>Grants and</u>	<u>Primary Government</u>
			<u>Contributions</u>	<u>Governmental</u>
				<u>Activities</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 454,730	\$ 619,864	\$ 7,232,136	\$ 7,397,270
Interest on Long-Term Debt	2,078,672	-	-	(2,078,672)
Total Primary Government	\$ 2,533,402	\$ 619,864	\$ 7,232,136	5,318,598
General Revenues:				
Unrestricted Investment Earnings				877,121
Change in Fair Value of Investments				(164,276)
Miscellaneous				64,404
Total General Revenues				777,249
Change in Net Assets				6,095,847
Net Assets - Beginning				19,925,426
Net Assets - Ending				\$ 26,021,273

See accompanying notes to the financial statements



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	General	State Route 747	Liberty Interchange	State Route 4 Bypass Widening
Assets:				
Cash and Cash Equivalents	\$ 985,400	\$ -	\$ -	\$ -
Receivables:				
Accounts, net	1,998	-	-	-
Loans	70,000	-	-	-
Intergovernmental	339	535,704	8,637	167,877
Interest	-	-	13,642	-
Interfund Loan	2,270,331	-	-	-
Restricted Assets:				
Cash with Fiscal Agent	-	-	14,844,382	-
Total Assets	\$ 3,328,068	\$ 535,704	\$ 14,866,661	\$ 167,877
Liabilities and Fund Balances				
Liabilities:				
Payable:				
Accounts	\$ 19,295	\$ 1,243	\$ 28,744	\$ -
Contracts	-	528,756	22,176	21,636
Accrued Wages and Benefits	5,771	-	-	-
Intergovernmental	2,584	-	-	-
Interfund Loan	-	130,686	1,901,022	198,978
Deferred Revenue	70,339	535,704	100,000	167,877
Total Liabilities	97,989	1,196,389	2,051,942	388,491
Fund Balances:				
Reserved for:				
Encumbrances	154	-	-	574,627
Debt Service	-	-	3,345,372	-
Capital Improvements	-	-	11,399,009	-
Unreserved, reported in:				
General	3,229,925	-	-	-
Capital Projects (Deficit)	-	(660,685)	(1,929,662)	(795,241)
Total Fund Balances (Deficit)	3,230,079	(660,685)	12,814,719	(220,614)
Total Liabilities and Fund Balances	\$ 3,328,068	\$ 535,704	\$ 14,866,661	\$ 167,877

See accompanying notes to the financial statements

**Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2008**

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$ 15,128,003
		<i>Amounts reported in governmental activities in the statement of net assets are different because:</i>	
\$ 4,149	\$ 989,549	Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	51,778,043
-	1,998		
-	70,000		
-	712,557	Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.	773,920
-	13,642		
-	2,270,331		
-	14,844,382	Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.	1,174,292
\$ 4,149	\$ 18,902,459		
		Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(42,832,985)
\$ -	\$ 49,282	Net Assets of Governmental Activities	<u>\$ 26,021,273</u>
-	572,568		
-	5,771		
-	2,584		
39,645	2,270,331		
-	873,920		
39,645	3,774,456		
-	574,781		
-	3,345,372		
-	11,399,009		
-	3,229,925		
(35,496)	(3,421,084)		
(35,496)	15,128,003		
\$ 4,149	\$ 18,902,459		

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>State Route 747</u>	<u>Liberty Interchange</u>	<u>State Route 4 Bypass Widening</u>
Revenues:				
Intergovernmental	\$ 250,000	\$ 467,349	\$ 6,430,579	\$ 84,208
Charges for Services	619,525	-	-	-
Investment Earnings	2,882	-	873,004	-
Change in Fair Value of Investments	-	-	(164,276)	-
All Other	414	-	3,347	-
Total Revenues	872,821	467,349	7,142,654	84,208
Expenditures:				
Current:				
General Government	457,808	-	-	-
Capital Outlay	-	264,837	19,633,137	261,180
Debt Service:				
Interest and Fiscal Charges	-	-	1,983,575	-
Total Expenditures	457,808	264,837	21,616,712	261,180
Excess (Deficiency) of Revenues Over (Under) Expenditures	415,013	202,512	(14,474,058)	(176,972)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(79)	-	-	-
Total Other Financing Sources (Uses)	(79)	-	-	-
Net Change in Fund Balances	414,934	202,512	(14,474,058)	(176,972)
Fund Balances (Deficit) - beginning	2,815,145	(863,197)	27,288,777	(43,642)
Fund Balances (Deficit) - ending	<u>\$ 3,230,079</u>	<u>\$ (660,685)</u>	<u>\$ 12,814,719</u>	<u>\$ (220,614)</u>

See accompanying notes to the financial statements

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2008**

Other Governmental Funds	Total Governmental Funds		
		Net Change in Governmental Fund Balances	\$(14,123,082)
\$ -	\$ 7,232,136	Amounts reported for the governmental activities in the statement of activities are different because:	
-	619,525	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.	20,162,232
1,235	877,121		
-	(164,276)	Governmental funds report premiums as expenditures, whereas these amounts are deferred and amortized on the statement of activities.	59,152
-	3,761	Revenues in the statement of activities that do not provide current financial resources are not reported as such in the funds.	1,830
1,235	8,568,267	Some resources reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as such in the funds.	(4,285)
-	457,808	Change in Net Assets of Governmental Activities	<u>\$ 6,095,847</u>
-	20,159,154		
90,812	2,074,387		
90,812	22,691,349		
(89,577)	(14,123,082)		
79	79		
-	(79)		
79	-		
(89,498)	(14,123,082)		
54,002	29,251,085		
<u>\$ (35,496)</u>	<u>\$ 15,128,003</u>		

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

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

Governmental Funds

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

The District reports the following major governmental funds:

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

State Route 747 Capital Projects Fund – This fund accounts for the widening of State Route 747 from Tylersville Road to the State Route 129 Extension, also know as phase three of the widening project. The District completed the first phase in 2000 with the County Engineer completing the second phase during 2005. The District has completed actual construction during 2007 with closeout items still pending in 2009. This fund is also responsible for the engineering and certain real property associated with the Princeton Road intersection in Liberty Township. The construction of this section was completed by the County Engineer.

Liberty Interchange Capital Projects Fund – This project involves the reconfiguration of the current terminus of the State Route 129 Extension at Interstate 75. The interchange is being reconstructed to allow an eastward movement through a collector-distributor connection with the Hamilton-Mason Road Bridge. This fund also accounts for the auxiliary road improvements around the interchange. The TID completed financing for the project during 2007 and started right of way acquisition in 2006. The ground breaking for the project was done in the fourth quarter of 2007. Two phases of the project, the Cox Road Extension and Hamilton-Mason Road East, were completed during 2008.

State Route 4 Bypass Widening Capital Projects 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 Ohio Kentucky Indiana Regional Council of Governments (OKI) or Ohio Department of Transportation's (ODOT) Transportation Regional Advisory Council (TRAC) process. A sizeable portion of the estimated cost has been pledged by the City of Fairfield, City of Hamilton, Fairfield Township and Butler County.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues - Exchange and Non-Exchange Transactions

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

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

Expenses/Expenditures

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

D. Cash and Cash Equivalents

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

During fiscal year 2008, investments were limited to funds invested in federal mortgage backed agencies securities and money market mutual funds.

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following Ohio statutes, the Board of Trustees has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 amounts to \$2,882, with no interest assigned to other funds as they maintain no cash balance and operate on a reimbursement basis. The Liberty Interchange capital projects fund also received interest on trust accounts of \$873,004.

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 represent amounts required by debt covenant to be segregated for construction expenses and future debt service on the outstanding bonds.

F. Interfund Transactions

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

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

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

G. Capital Assets

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

The District does not accrue compensatory time on exempt employees. Sick leave is allowed to be carried over to the next fiscal year but can not be paid out in any case. Vacation time must be used in the year earned or all unused time expires unless the Executive Director grants remaining vacation balances to be carried over to the next year on an individual basis. The District has no compensated absence liability.

I. Intergovernmental Revenues

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

J. Reservations of Fund Balance

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. Fund equity reserves have been established for encumbrances in the general and capital project funds, and for future debt service and capital improvements in the Liberty Interchange Fund.

If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

K. Net Assets

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

L. Estimates

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

M. Deferred Revenues

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$42,832,985) difference are as follows:

Special Obligation Bonds Payable	(\$41,130,000)
Special Obligation Bonds - Premium	(1,537,945)
Accrued Interest Payable	(165,040)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> ,	(\$42,832,985)

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

Another element of that reconciliation states that “Some resources reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as such in the funds.” The details of this (\$4,285) are as follows:

Payment on final balance of the accrued liability	\$40,880
Current year amortization of bond issuance costs	(45,165)
Net Adjustment - capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	(\$4,285)

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 2 – ACCOUNTABILITY

Fund Deficits

As of December 31, 2008, State Route 747, State Route 4 Bypass Widening, and State Route 129 Extension Capital Projects Funds had deficit fund balances of \$660,685; \$220,614; and \$39,645 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 State Route 747, State Route Bypass 4 Widening and State Route 129 Extension funds had appropriations in excess of estimated revenues and available fund balances by \$218,540; \$31,270; and \$39,645 respectively. The funds operated on a reimbursement basis with the estimated revenues budgeted across multiple fiscal years.

The State Route Bypass 4 Widening fund had expenditures plus encumbrances in excess of appropriations by \$720,635. The District encumbered the entire amount of a two year contract with the engineering firm for the State Route Bypass 4 fund.

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. The following is a list of the allowable investments for the District:

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

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

A. Deposits

Custodial Credit Risk

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

At year-end the carrying amount of the District's deposits was \$11,589,549 and the bank balance was \$11,713,587. \$600,000 of bank balances were covered by federal depository insurance coverage, with \$10,250,000 having specific pledged collateral and \$863,587 being uninsured under federal depository coverage.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

B. Investments

Custodial Credit Risk

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

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has no investment policy dealing with credit risk except to maintain investments that are subject the investment policy.

During 2008, the District limited investments to securities in Federal Home Loan Bank Notes, Federal Farm Bureau Credit Association Notes, Federal National Mortgage Association Notes and Money Market Mutual Funds. Below are the credit ratings of the District’s investments:

Security	Rating Agency	
	Moody’s	Standard & Poor’s
Federated Government Obligation Fund	Aaa	AAAm

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single user. The District’s investment policy allows investments in Federal Agencies or Instrumentalities. Money market mutual funds comprised 100% of the District’s investments.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The District's investments at December 31, 2008 are summarized below:

Investment	Average Maturity	<1 Year Before Maturity
Federated Government Obligation Fund	<60 days	\$4,244,382

NOTE 4 – INTERFUND BALANCES

Interfund balances at December 31, 2008, 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	Transfers In	Transfers Out
General Fund	\$2,270,331	\$0	\$0	\$79
Capital Projects Funds:			0	0
State Route 747	0	130,686	0	0
Liberty Interchange	0	1,901,022	0	0
State Route 4 Bypass Widening		198,978	0	0
Nonmajor Funds	0	39,645	79	0
Total Capital Projects Funds	0	2,270,331	79	0
Totals	\$2,270,331	\$2,270,331	\$79	\$79

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

The transfer activity relates to the negative cash balance that was remaining in the State Route 129 extension fund. The General Fund transfer closed out the fund during 2008.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 5 – INTERGOVERNMENTAL REVENUES AND CHARGES FOR SERVICES

The following entities, which are a part of the District, have contributed the following funds during 2008:

Member Name	Contribution	Charge for Service
Butler County	\$6,282,300	\$0
Ohio Department of Transportation	1,498,584	0
Liberty Township	789,207	0
West Chester Township	76,888	0
City of Hamilton	51,474	1,544
Fairfield Township	17,158	515
City of Fairfield	15,110	467
Montgomery County TID	0	20,875
Totals	\$7,232,136	\$23,401

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 2008. The District also took a \$594,249 administrative fee related to the Liberty Interchange project that was drawn from the trust account. The District also contracted with the Montgomery County TID for providing monthly financial services.

NOTE 6 – CAPITAL ASSETS

Summary by category of changes in capital assets:

Category	December 31, 2007	Additions	Deletions	December 31, 2008
Land	\$2,709,373	\$0	\$0	\$2,709,373
Construction in Progress	28,906,438	20,162,232	0	49,068,670
Totals	\$31,615,811	\$20,162,232	\$0	\$51,778,043

For 2008, the District spent significant dollars on the construction of three phases of the Liberty Interchange Project. The District is required to record the assets on the construction in progress for the related projects until the project is finalized and dedicated to the sponsoring agency.

NOTE 7 – DEFINED BENEFIT PENSION AND POSTEMPLOYMENT BENEFITS PLANS

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 10%. The employer contribution rate was 14%, 7% to fund the pension and 7% 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, 2008, 2007, and 2006, were \$9,033, \$17,035, and \$19,149, respectively, 87 percent has been contributed for fiscal year 2008 and 100 percent has been contributed for fiscal years 2007 and 2006.

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 2008 employer contribution rate (identified above) that was used to fund health care for the year 2008 was 7% of covered payroll, which amounted to \$10,563.

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, 2007. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. As of December 31, 2007, the actuarial value of net assets available for future OPEB payments was \$12.8 billion. The actuarially accrued liability and the unfunded actuarially accrued liability based on the actuarial cost method used, were \$29.8 billion and \$17.0 billion, respectively. The number of active contributing participants for OPEB at December 31, 2008 was 363,503.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 8 – LONG-TERM OBLIGATIONS

	Balance December 31, 2007	Issued	Retired	Balance December 31, 2008	Due Within One Year
Governmental Activities:					
Accrued Liabilities	\$40,880	\$0	\$40,880	\$0	\$0
Special Obligation Bonds:					
4.00%-5.00% 2007	41,130,000	0	0	41,130,000	0
Premium	1,597,097	0	59,152	1,537,945	0
Governmental Activity Long-Term Liabilities	<u>\$42,767,977</u>	<u>\$0</u>	<u>\$100,032</u>	<u>\$42,667,945</u>	<u>\$0</u>

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

The District has pledged all future revenues from the intergovernmental agreements to repay the \$41,130,000 in special obligation bonds to finance the Liberty Interchange project. The bonds are paid from tax increment financing revenue received from Liberty Township, Butler County and West Chester Township's applicable properties located around the project. Total principal and interest remaining on the bonds is \$76,979,014 payable through December 2034. For the current year, only interest was paid in the amount of \$1,983,575 while total tax increment financing revenue was \$3,766,336.

The amounts on deposit for arbitrage payable were called in January 2008. This payment removed the remaining obligation of the District for the payment.

The principal and interest requirements for outstanding bonds as of December 31, 2008 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total	Rate
2009	\$0	\$1,980,474	\$1,980,474	4.00
2010	0	1,980,474	1,980,474	4.00
2011	0	1,980,474	1,980,474	4.00
2012	0	1,980,474	1,980,474	4.00
2013	115,000	1,980,474	2,095,474	4.00
2014-2018	3,385,000	9,668,475	13,053,475	4.00-5.00
2019-2023	7,820,000	8,472,127	16,292,127	4.25-5.00
2024- 2028	14,775,000	5,959,044	20,734,044	4.75-5.00
2029-2033	14,165,000	1,807,848	15,972,848	4.50-5.00
2034	870,000	39,150	909,150	4.50
Totals	<u>\$41,130,000</u>	<u>\$35,849,014</u>	<u>\$76,979,014</u>	

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 9 – CONSTRUCTION COMMITMENTS

The District has several major outstanding contracts for services. The following amounts remain on these contracts as of December 31, 2008:

<u>Project and Contractor</u>	<u>Outstanding Balance</u>
JRJ Jurgensen – Liberty Interchange	\$5,765,457
ME Companies – Bypass 4 Widening	602,542
Hansen – Liberty Interchange	250,000
ME Companies – Liberty Interchange	200,000

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2008, the District contracted with Cincinnati Financial Insurance Co. for liability, property, and crime damage. Coverages provided by the company are as follows:

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

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

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

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

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Charges for Services	150,000	528,225	617,650	89,425
Investment Earnings	30,000	3,000	2,882	(118)
All Other	-	50,000	414	(49,586)
Total Revenues	<u>430,000</u>	<u>831,225</u>	<u>870,946</u>	<u>39,721</u>
Expenditures:				
Current:				
General Government				
Personal Services	292,159	223,000	214,049	8,951
Contractual Services	230,000	159,500	164,339	(4,839)
Materials and Supplies	38,000	45,000	39,333	5,667
Other	95,000	55,242	39,320	15,922
Total General Government	<u>655,159</u>	<u>482,742</u>	<u>457,041</u>	<u>25,701</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(225,159)</u>	<u>348,483</u>	<u>413,905</u>	<u>65,422</u>
Fund Balance Beginning of Year	<u>2,841,256</u>	<u>2,841,256</u>	<u>2,841,256</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 2,616,097</u>	<u>\$ 3,189,739</u>	<u>\$ 3,255,161</u>	<u>\$ 65,422</u>
		Budget Basis	\$ 413,905	
		Revenue Accruals	1,875	
		Expenditure Accruals	(1,416)	
		Transfers	(79)	
		Encumbrances	649	
		GAAP Basis	<u>\$ 414,934</u>	

See accompanying notes to the required supplementary information

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2008*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Process

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

The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified by resolution of the District Board. All funds are required to be budgeted and appropriated. The level of budgetary control is at the object level for the District. Any budgetary modifications at this level may only be made by resolution of the District Board. Supplemental appropriations were necessary during the year which increased and decreased the original budget amounts.

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

1. Estimated Resources

As part of the District's budgetary process, the Board approves the budgetary document. The budgetary document states the projected revenue of each fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the budgetary document. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the budgetary document is amended to include any unencumbered balances from the preceding year. The budgetary document may be further amended during the year if the Board determines that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final budgetary document issued during 2008.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Appropriations

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

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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



NONMAJOR GOVERNMENTAL FUNDS

Debt Service Fund

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

CAPITAL PROJECTS FUND

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

Union Centre Extension Fund

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

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

Muhlhauser Road Fund

To account for the construction of a five-lane road from State Route 747 to West Chester Road. The TID used the cash balance to fund additional right of way and construction expenditures to help reduce the County and Township portion of the widening from State Route 747 to State Route 4 during the year.



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2008

	CAPITAL PROJECTS						Total Nonmajor Governmental Funds
	Debt Service	Union Centre Extension	State Route 129 Extension	Muhlhauser Road			
Assets:							
Cash and Cash Equivalents	-	325	-	3,824		4,149	4,149
Total Assets	-	325	-	3,824		4,149	4,149
Liabilities:							
Interfund Loan Payable	-	-	39,645	-		39,645	39,645
Total Liabilities	-	-	39,645	-		39,645	39,645
Fund Balances:							
Fund Balances:							
Unreserved Capital Projects -(Deficit)	-	325	(39,645)	3,824		(35,496)	(35,496)
Total Fund Balances	-	325	(39,645)	3,824		(35,496)	(35,496)
Total Liabilities and Fund Balances	\$ -	\$ 325	\$ -	\$ 3,824		\$ 4,149	\$ 4,149

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, 2008**

	CAPITAL PROJECTS					Total Nonmajor Governmental Funds
	Debt Service	Union Centre Extension	State Route 129 Extension	Muhlhauser Road		
Revenues:						
Investment Earnings	-	-	1,235	-	-	1,235
Total Revenues	-	-	1,235	-	-	1,235
Expenditures:						
Debt Service:						
Interest and Fiscal Charges	70,301	-	20,511	-	-	90,812
Total Expenditures	70,301	-	20,511	-	-	90,812
Deficiency of Revenue Under Expenditures	(70,301)	-	(19,276)	-	-	(89,577)
Other Financing Sources						
Transfers In	-	-	79	-	-	79
Total Other Financing Sources	-	-	79	-	-	79
Deficiency of Revenues and Other Financing Sources under Expenditures	(70,301)	-	(19,197)	-	-	(89,498)
Fund Balance (Deficit) - Beginning of Year	70,301	325	(20,448)	3,824	-	54,002
Fund Balance (Deficit) - End of Year	-	325	(39,645)	3,824	-	(35,496)

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,800,000	\$ 2,012,000	\$ 1,335,853	\$ (676,147)
Total Revenues	1,800,000	2,012,000	1,335,853	(676,147)
Expenditures:				
Capital Outlay	1,710,000	2,034,500	1,270,499	764,001
Total Expenditures	1,710,000	2,034,500	1,270,499	764,001
Excess (Deficiency) of Revenues Over (Under) Expenditures	90,000	(22,500)	65,354	87,854
Fund Balance (Deficit) Beginning of Year	(223,135)	(223,135)	(223,135)	-
Prior Year Encumbrances	27,095	27,095	27,095	-
Fund Balance (Deficit) End of Year	\$ (106,040)	\$ (218,540)	\$ (130,686)	\$ 87,854

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 5,000,000	\$ 6,425,000	\$ 6,785,895	\$ 360,895
Investment Earnings	1,000,000	1,150,000	1,201,842	51,842
All Other Revenue	-	103,000	103,347	(347)
Total Revenues	<u>6,000,000</u>	<u>7,678,000</u>	<u>8,091,084</u>	<u>412,390</u>
Expenditures:				
Capital Outlay	35,252,828	30,666,973	20,012,564	10,654,409
Debt Service:				
Interest and Fiscal Charges	<u>1,980,475</u>	<u>1,980,475</u>	<u>1,983,575</u>	<u>(3,100)</u>
Total Expenditures	<u>37,233,303</u>	<u>32,647,448</u>	<u>21,996,139</u>	<u>10,651,309</u>
Deficiency of Revenues Under Expenditures	(31,233,303)	(24,969,448)	(13,905,055)	11,064,393
Fund Balance (Deficit) Beginning of Year	26,792,647	26,792,647	26,792,647	-
Prior Year Encumbrances	73,729	73,729	73,729	-
Fund Balance (Deficit) End of Year	<u>\$ (4,366,927)</u>	<u>\$ 1,896,928</u>	<u>\$ 12,961,321</u>	<u>\$ 11,064,393</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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 4 BYPASS WIDENING
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 120,000	\$ 120,000	\$ 84,208	\$ (35,792)
Total Revenues	120,000	120,000	84,208	(35,792)
Expenditures:				
Capital Outlay	130,000	130,000	850,635	(720,635)
Total Expenditures	130,000	130,000	850,635	(720,635)
Deficiency of Revenues Under Expenditures	(10,000)	(10,000)	(766,427)	(756,427)
Fund Balance (Deficit) Beginning of Year	(1,642,799)	(1,642,799)	(1,642,799)	-
Prior Year Encumbrances	1,621,529	1,621,529	1,621,529	-
Fund Balance (Deficit) End of Year	\$ (31,270)	\$ (31,270)	\$ (787,697)	\$ (756,427)

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, 2008**

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, 2008**

STATE ROUTE 129 EXTENSION FUND

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental			\$ -	\$ -
Investment Earnings	1,000	1,314	1,235	(79)
Total Revenues	1,000	1,314	1,235	(79)
Expenditures:				
Debt Service:				
Interest and Fiscal Charges	20,197	20,511	20,511	-
Total Expenditures	20,197	20,511	20,511	-
Excess of Revenues Over Expenditures	(19,197)	(19,197)	(19,276)	(79)
Fund Balance (Deficit) Beginning of Year	(20,448)	(20,448)	(20,448)	-
Fund Balance End of Year	\$ (39,645)	\$ (39,645)	\$ (39,724)	\$ (79)

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, 2008**

	MUHLHAUSER ROAD 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	3,824	3,824	3,824	-
Fund Balance End of Year	\$ 3,824	\$ 3,824	\$ 3,824	\$ -



STATISTICAL

SECTION

**Transportation Improvement District of
Butler County, Ohio
Statistical Section Descriptions
December 31, 2008**

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

<u>Contents</u>	<u>Pages</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and situation have changed over time.	50-53
Revenue Capacity (The District has no specific revenue source to present)	
Debt Capacity	
This schedule presents information to help the reader assess the affordability of the District's current levels of outstanding debt. The District has no ability to issue additional debt in the future without an agreement through one of the participating governments	54-56
Operating Information	
These schedules contain operational data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	57
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within in which the District's financial activities take place.	58-61

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

NET ASSETS BY COMPONENT

LAST NINE YEARS (accrual basis of accounting)

	2008	2007	2006	2005	2004	2003	2002	2001	2000
Governmental Activities:									
Invested in capital assets, net of related debt	\$ 18,504,670	\$ 16,543,620	\$ 15,034,816	\$ 13,732,805	\$ 10,982,235	\$ 17,546,423	\$ 42,089,576	\$ 54,652,188	\$ 43,783,628
Restricted	6,869,668	1,650,174	374,477	15,195,076	14,850,389	14,522,631	14,318,505	14,690,286	15,990,278
Unrestricted	646,935	1,731,632	1,148,080	(1,096,692)	1,552,732	1,847,313	1,981,693	1,772,609	4,481,297
Total Governmental Activities Net Assets	\$ 26,021,273	\$ 19,925,426	\$ 16,557,373	\$ 27,831,189	\$ 27,385,356	\$ 33,916,367	\$ 58,389,774	\$ 71,115,083	\$ 64,255,203

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

CHANGE IN NET ASSETS

LAST NINE YEARS (accrual basis of accounting)

	2008	2007	2006	2005	2004	2003	2002	2001	2000
Expenses:									
Governmental Activities									
General Government	\$ 454,730	\$ 2,338,236	\$ 1,702,925	\$ 460,218	\$ 9,277,438	\$ 26,962,585	\$ 15,022,973	\$ 3,005,859	\$ 6,510,583
Fiscal Charges	327,044	-	6,516,155	159,666	100,089	163,647	515,492	-	-
Interest on Long Term Debt	1,751,628	1,585,006	6,152,002	6,074,683	6,289,655	4,809,798	6,893,265	7,132,810	7,428,450
Total Governmental Activities Expenses	2,533,402	3,923,242	14,371,082	6,694,567	15,667,182	31,936,030	22,431,730	10,138,669	13,939,033
Program Revenues:									
Charges for Services									
General Government	619,864	24,172	94,991	48,898	79,354	45,973	185,882	370,668	191,612
Operating Grants and Contributions									
General Government	7,232,136	5,611,078	1,946,633	657,450	404,160	370,358	1,598,492	7,902,350	8,912,869
Interest on Long Term Debt	-	-	-	5,245,955	6,365,905	5,736,408	6,405,255	7,132,810	7,428,450
Total Governmental Activities Program Revenues	7,852,000	5,635,250	2,041,624	5,952,303	6,849,419	6,152,739	8,189,629	15,405,828	16,532,931
Net (Expense)/Revenue	5,318,598	1,712,008	(12,329,458)	(742,264)	(8,817,763)	(25,783,291)	(14,242,101)	5,267,159	2,593,898
General Revenues									
Grants and Contributions Unrestricted	-	-	500,000	-	250,000	250,000	250,000	250,000	7,929,894
Unrestricted Investment Earnings	877,121	1,486,437	510,536	980,903	940,632	957,963	947,606	1,201,655	1,811,459
Change in Fair Value of Investments	(164,276)	164,276	(1,375)	(4,111)	(1,509)	(4,629)	20,580	23,909	16,673
Miscellaneous	64,404	5,332	46,481	211,305	1,097,629	106,550	298,606	117,157	576,523
Total Governmental Activities General Revenues	777,249	1,656,045	1,055,642	1,188,097	2,286,752	1,309,884	1,516,792	1,592,721	10,334,549
Change in Net Assets	\$ 6,095,847	\$ 3,368,053	\$ (11,273,816)	\$ 445,833	\$ (6,531,011)	\$ (24,473,407)	\$ (12,725,309)	\$ 6,859,860	\$ 12,928,447

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

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

LAST TEN YEARS (modified accrual basis of accounting)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund										
Reserved	\$ 154	\$ -	\$ 6,652	\$ 11,034	\$ -	\$ 4,487	\$ 286	\$ 14,189	\$ -	\$ -
Unreserved	3,229,925	2,815,145	3,302,479	2,705,563	2,874,839	3,603,343	6,352,696	3,927,884	3,468,383	2,320,601
Total General Fund	3,230,079	2,815,145	3,309,131	2,716,597	2,874,839	3,607,830	6,352,982	3,942,073	3,468,383	2,320,601
All other governmental funds										
Reserved	15,319,008	30,608,670	2,282,459	14,848,697	14,942,523	14,309,528	13,762,757	13,798,560	14,653,971	806,277
Unreserved, reported in:										
Debt Service	-	-	-	(39,645)	223,328	9,556	(412,901)	-	-	-
Capital Projects	(3,421,084)	(4,172,730)	(4,343,901)	(1,775,709)	(365,300)	29,929	(46,824)	1,186,406	4,183,265	14,185,372
Total All other governmental funds	11,897,924	26,435,940	(2,061,442)	13,033,343	14,800,551	14,349,013	13,303,032	14,984,966	18,837,236	14,991,649
Total Governmental Funds	\$ 15,128,003	\$ 29,251,085	\$ 1,247,689	\$ 15,749,940	\$ 17,675,390	\$ 17,956,843	\$ 19,656,014	\$ 18,927,039	\$ 22,305,619	\$ 17,312,250

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS (modified accrual basis of accounting)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues										
Intergovernmental	\$ 7,232,136	\$ 5,552,956	\$ 105,260,360	\$ 12,731,782	\$ 12,785,339	\$ 12,086,808	\$ 14,682,529	\$ 19,793,111	\$ 29,311,213	\$ 25,544,670
Charges for Services	619,525	24,172	86,743	41,347	65,611	22,771	50,369	86,202	191,612	1,686,630
Investment Earnings	877,121	1,486,437	510,536	987,083	940,632	957,963	947,606	1,201,655	1,811,459	2,782,484
Change in Fair Value of Investments	(164,276)	164,276	(1,375)	(4,111)	(1,509)	(4,629)	20,580	23,909	16,673	-
All Other	103,761	5,332	46,481	7,487	1,107,629	130,973	429,320	253,803	576,523	434,061
Total Revenues	8,668,267	7,233,173	105,902,745	13,763,588	14,897,702	13,193,896	16,130,404	21,358,680	31,907,480	30,447,845
Expenditures										
Current										
General Government	457,808	566,846	573,356	2,200,915	995,739	2,005,237	406,635	389,346	557,999	1,019,865
Capital Outlay	20,159,154	18,352,385	2,481,580	2,679,873	1,717,511	414,195	2,053,726	11,857,139	13,860,237	63,420,783
Debt Service:										
Principal	-	-	109,725,000	6,405,000	6,100,000	5,810,000	5,530,000	5,280,000	5,040,000	5,080,000
Interest and Fiscal Charges	2,074,387	3,096,795	7,625,060	6,053,250	6,365,905	6,663,625	7,411,066	7,210,775	7,455,875	7,696,225
Total Expenditures	22,691,349	22,016,026	120,404,996	17,339,038	15,179,155	14,893,057	15,401,429	24,737,260	26,914,111	77,216,873
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,023,082)	(14,782,853)	(14,502,251)	(3,575,450)	(281,453)	(1,699,171)	728,975	(3,378,580)	4,993,369	(46,769,028)
Other Financing Sources (Uses)										
Face Value of Debt	-	41,130,000	-	1,650,000	-	-	-	-	-	-
Premium from Sale of Bonds	-	1,656,249	-	-	-	-	-	-	-	-
Transfers In	79	14,415,206	14,415,206	13,874,479	13,727,822	13,669,557	15,113,369	17,753,723	13,060,217	20,556,553
Transfers Out	(79)	(14,415,206)	(14,415,206)	(13,874,479)	(13,727,822)	(13,669,557)	(15,113,369)	(17,753,723)	(13,060,217)	(20,556,553)
Total Other Financing Sources (Uses)	-	42,786,249	-	1,650,000	-	-	-	-	-	-
Net Change in Fund Balances	\$ (14,023,082)	\$ 28,003,396	\$ (14,502,251)	\$ (1,925,450)	\$ (281,453)	\$ (1,699,171)	\$ 728,975	\$ (3,378,580)	\$ 4,993,369	\$ (46,769,028)
Debt Service as a percentage of noncapital expenditures	456%	132%	20467%	566%	1252%	622%	3182%	3208%	2239%	1259%

Notes:
 For 2006, the District has the highway improvement bond repaid through the ODOT lease agreement
 2005-1999 - the debt service obligation is paid through an operating lease with ODOT.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

TOP TEN TAX PAYERS
REAL AND PERSONAL PROPERTY

CURRENT AND SIX YEARS AGO

Name of Taxpayer	2008				2002			
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	Assessed Valuation	% of Total Assessed Valuation	
AK Steel Corporation	\$ 55,590,320	1	0.70%	\$ 107,605,470	1	1.79%		
Duke Energy Ohio Inc.	43,501,270	2	0.55%					
Duke Realty Ohio	35,186,910	3	0.44%	25,539,850	5	0.43%		
Cincinnati Financial Corporation	31,442,480	4	0.40%	29,611,470	4	0.49%		
Dugan Financial LLC	29,923,660	5	0.38%	44,197,930	3	0.74%		
MB West Chester LLC	22,680,000	6	0.29%					
Dugan Realty LLC	21,453,880	7	0.27%					
Meijer Stores LTD PRT	17,142,750	8	0.22%	14,336,250	6			
First Industrial L P	13,957,050	9	0.18%					
Cincinnati Bell Telephone	11,936,040	10	0.15%					
Miller Breweries East Inc.							0.00%	
Security Capital				73,319,670	2	1.22%		
Centerpoint Realty				13,106,870	7	0.22%		
Distribution Funding Services				13,105,870	8	0.22%		
Champion International Corp.				12,963,830	9	0.22%		
Total	\$ 282,814,360		3.56%	\$ 360,911,840	10	0.45%	5.78%	
Total Assessed Valuation	\$ 7,944,385,112			\$ 6,001,216,262				

Source: Butler County Auditor's Office

Note: 2002 is first year this information was made available

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

Name of Employer	2007			1998		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Miami University	4,250	1	2.13%	3,500	2	2.53%
AK Steel	3,100	2	1.55%	4,250	1	3.07%
Butler County	2,655	3	1.33%	2,500	3	1.80%
Cincinnati Insurance	2,600	4	1.30%			
Fort Hamilton Hospital	2,000	5	1.00%	1,100	10	0.79%
Middletown Regional Hospital	1,800	6	0.90%	1,395	8	1.01%
Mercy Regional Hospital	1,601	7	0.80%			
Lakota School District	1,600	8	0.80%	1,480	6	1.07%
Ohio Casualty Insurance	1,340	9	0.67%	1,500	5	1.08%
Hamilton City Schools	1,150	10	0.58%			
Cincinnati Financial Corp.				1,992	4	1.44%
Fairfield City Schools				1,400	7	1.01%
Meijer				1,129	9	0.81%
Total	22,096		11.05%	20,246		14.61%

Total Employed within the County 200,000

Source: Butler County 2007 Comprehensive Annual Financial Report
 Note: The information was not available for 2008

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**REVENUE BOND COVERAGE - LIBERTY INTERCHANGE
SPECIAL OBLIGATION BONDS
LAST TWO FISCAL YEARS**

<u>Year</u>	<u>Gross Revenue (1)</u>	<u>Debt Service Requirement (2)</u>	<u>Coverage</u>
2007	\$ 1,489,072	\$ 1,573,377	94.64%
2008	3,766,336	1,983,575	189.88%
Total	<u>\$ 5,255,408</u>	<u>\$ 3,556,952</u>	<u>147.75%</u>

Source: District's records

- (1) The District receives intergovernmental revenue from Liberty Township, Butler County and West Chester Township for payment of debt service.
- (2) The 2007 debt service payment was funded through the \$1,656,249 premium on the sale.
- (3) Full receipt of gross revenues from entities is required until 150% of next two years debt service is maintained in the trust account.

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION

LAST TEN YEARS

<u>Year</u>	<u>General Government Employees</u>
2008	2.5
2007	3
2006	3
2005	3
2004	2
2003	3
2002	3
2001	3
2000	3
1999	5

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

ASSESSED VALUE AND BANK DEPOSITS

LAST TEN YEARS

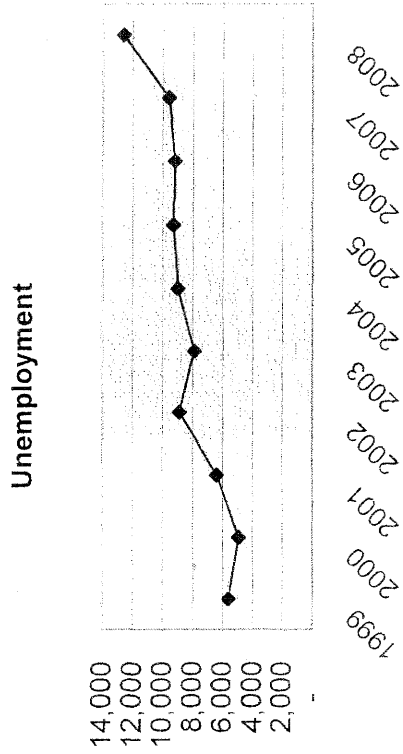
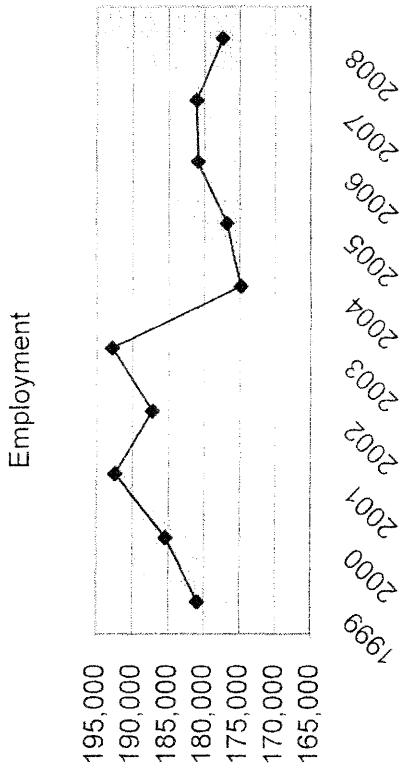
<u>Year</u>	<u>Real Property (1)</u>	<u>Bank Deposits (2)</u>
1999	\$ 4,199,464,910	\$ 913,169,000
2000	4,764,719,420	1,152,810,000
2001	4,990,028,970	1,136,994,000
2002	5,144,613,220	1,257,078,000
2003	6,043,237,390	1,355,739,000
2004	6,175,495,560	10,267,537,000
2005	6,362,721,810	3,053,270,000
2006	6,935,887,900	2,909,045,000
2007	7,268,499,020	3,017,034,000
2008	8,021,402,180	2,978,691,000

(1) Source: Butler County Auditor

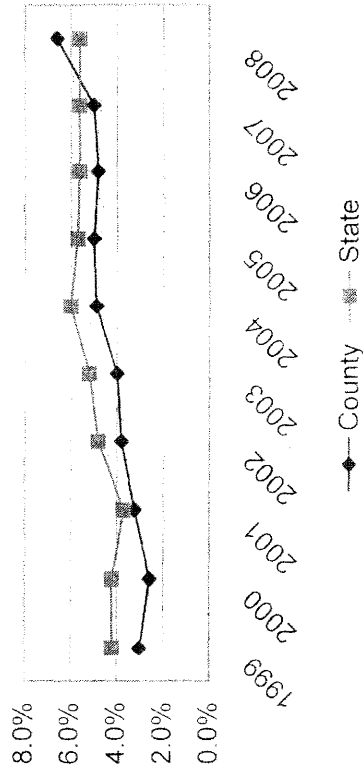
(2) Source: Department of Data Services, Federal Reserve Bank of Cleveland

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
 DEMOGRAPHIC STATISTICS
 DECEMBER 31, 2008

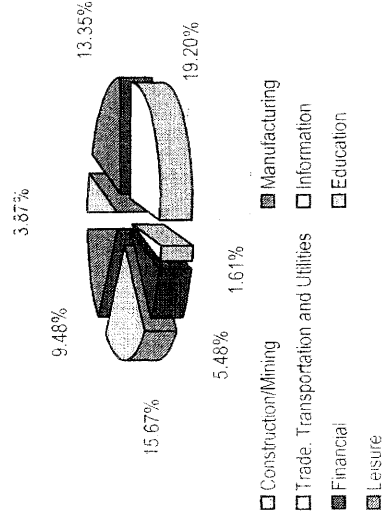
Labor Force Statistics



Unemployment Rates



Employment by Industrial Sector as of 12/31/08 for Cincinnati-Middletown MSA



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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

DEMOGRAPHIC INFORMATION

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MISCELLANEOUS STATISTICS

DECEMBER 31, 2008

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

County: Butler

County Seat: City of Hamilton, Ohio

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

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

Source: Transportation Improvement District





Mary Taylor, CPA
Auditor of State

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 16, 2009**