

Butler County, Ohio Transportation Improvement District Comprehensive Annual Financial Report

In November 2018, the South Hamilton Crossing Bridge project opened to the public. A project on the City of Hamilton's infrastructure needs for decades finally provides another link to potential economic development.



For the Fiscal Year Ended
December 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the Butler County Transportation Improvement District, Butler County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 22, 2019

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**Butler County, Ohio
Transportation Improvement District**

**Comprehensive Annual
Financial Report**

**For the Fiscal Year Ended
December 31, 2018**

**Prepared by
Sean Fraunfelter, CPA
Finance/Administration**

Transportation Improvement District of Butler County, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2018

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INTRODUCTORY
SECTION





June 27, 2019

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 Finance Report (CAFR) for the year ended December 31, 2018. 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 2018.

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

On December 7, 1993, the Butler County Commissioners authorized the creation of the TID by Resolution 93-12-2009. 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 Board of Trustees has appointed a representative from the City of Oxford as its board appointment. With this action, the TID Board and local governments are working 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 TID Director, 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 TID 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 Statements No. 34, 54, 63, 65, 68 and 71.

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 the MD&A and should be read in conjunction with it. The TID’s MD&A can be found immediately following the report of the independent accountants.

MAJOR INITIATIVES

South Hamilton Crossing

The South Hamilton Crossing project provides an overpass (circled section) over the CSX Railroad in the southern portion of the City replacing a dangerous angled at-grade crossing (letter A reference) and allowing for greater access into the City’s technology park and Miami University Hamilton. The project also made significant changes to the adjoining roads by raising them to intersect the new overpass.



The TID and City of Hamilton entered into an intergovernmental agreement in 2012 to undertake engineering and environmental work, which was subsequently amended to complete design, bid and manage construction of the project. The TID received grant funding through the Ohio-Kentucky-Indiana Council of Governments (OKI) Congestion Mitigation and Air Quality Improvement (CMAQ) program for right of way acquisition of \$2.45 million (increased in 2016 to \$3.45 million) with the remaining right of way costs being provided from the City of Hamilton including the local match to the CMAQ grant. The TID was successful in getting right of way cleared through ODOT on January 29, 2016. All the appropriation cases were settled during 2017. With the exception of CSX parcels, the right of way is finalized.



The TID received \$10 million through the Ohio Department of Transportation - Transportation Review Advisory Council (TRAC) for the construction phase which requires no local match monies. The City of Hamilton also received a \$1,118,000 629 Roadwork Development Grant through the Ohio Development Services Agency for a share of the construction project that required a fifty percent local match. The TID received an additional \$3.75 million through OKI

from the Federal Surface Transportation Program (STP) for construction that requires a fifty percent match. The City of Hamilton, along with any funds received from the CSX Railroad and TID, provided the match monies and any additional construction funds necessary. The TID bid the project in the second quarter of 2016 with John R. Jurgensen being the successful bidder. As of December 31, 2018, the 93.5% of the contract was complete (up from sixty-three percent at December 31, 2017.) The project was deemed substantially complete as of December 14, 2018.

Salzman Road Relocation

During 2013, the TID started working with the Cities of Monroe and Middletown to extend Salzman Road from north of State Route 63 to Todhunter Road. The TID received ODOT Jobs and Commerce funding in 2014 for engineering design. Late in 2014, the TID received OKI notification that the project was awarded \$1,682,000 in STP funding with a twenty percent local match starting on July 1, 2016. In early 2017, the TID awarded the contract to Kelchner, Inc. with construction



starting in the second quarter of 2017 and was open to the public in fourth quarter of 2017. Minor construction close out items were completed during the second quarter of 2018 with final closeout regarding the two cities occurred in early 2019.

Interstate 75/Cox Road/Liberty Way



During 2015, the TID along with the Ohio Department of Transportation, Butler County Engineer, Liberty Township and West Chester Township made the determination to evaluate the current configuration of Interstate 75, State Route 129, and Liberty Way interchange. With the additional retail development, Liberty Town Center, and the Christ Hospital Facility and other development in the area, the interchange will be under tremendous pressure. The TID entered into an agreement with the Butler County Engineer and EMHT for an interchange modification study. The TID disbursed the remaining funds held from the property sale to the Steiner Group to the Butler County Engineer in February 2016 to cover the second phase of this project. The District received and disbursed an additional Ohio Jobs and Commerce grant of \$250,000 to assist with the financing of the project currently managed through the Butler County Engineer's Office.

Gilmore Road Project

During 2018, the Butler TID, Hamilton County TID, OKI, ODOT and the City of Fairfield agreed to work together to design and construct the ramp improvement at South Gilmore Road and Interstate 275. The TID was successful in receiving \$200,000 in HB26 funding to complete design. Stage 2 plans are expected to be submitted in May 2019. The City of Fairfield received STP Funding of \$784,000 which requires an 20% local match. Construction is scheduled to begin after July 1, 2021.

Millikin Road/Interstate 75 Interchange

The TID designated the Millikin Road/Interstate 75 interchange as a TID project during 2018. The TID has been working with Liberty Township, OKI and ODOT to evaluate traffic studies and other design impact to determine if the project will qualify to have an interchange modification study completed.

ECONOMIC CONDITION AND OUTLOOK

The TID has seen state and federal government financing for projects on the decline. With State of Ohio budget cuts, the local governments have limited resources to allocate for major infrastructure projects, but our partners have continued to step up, locally funding a large portion of the South Hamilton Crossing, a substantial part of the overall Bypass 4 widening project for the past several years and the earlier Liberty Interchange project, for which the bond payments are 100% locally funded. Eligible TIDs throughout the state may apply for ODOT Jobs and Commerce grants up to \$250,000 annually per project subject to other limits per request. The TID was successful in its two applications for the South Hamilton Crossing project, three for the Salzman Road extension, one for the Salzman Bridge project one for the Liberty Interchange modification study and one for the South Gilmore Road project.

The TID sold one of the remaining TID owned properties during March 2018. The sale of the TID property and the administrative fees on the above projects will provide the TID with operating capital to fund operations and develop projects over the next several years. The TID board held a retreat in January 2019 to discuss future projects and how to best use the TID's funds. Those discussions are continuing into fiscal year 2019. The TID's success in grant awards can help projects move forward in a more efficient manner, especially when multiple jurisdictions are involved.

The TID works with local officials to bring together transportation infrastructure improvement projects, 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 infrastructure projects that are necessary for either safety improvements or to bring in more development for the area. Tax increment financing areas are used along with other financing options such as joint economic development districts 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 which hinders the complete segregation of duties, but everything is done to the best of the abilities of current staffing to assure that proper 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 required for right of way purposes and hold for future resale. As discussed above, the TID has held significant land along Liberty Way that is critical to the long-term financial health of the TID, as well as provide possible funding alternatives to its project base. The TID has one remaining parcel of land known as the Yankee Road park and ride.

FACTORS AFFECTING FINANCIAL CONDITION

The TID operates from three typical financial sources: investment interest revenue, local government contributions and an administration charge on project management services. The Board continues working on alternative funding sources for operations and projects. 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 Board and staff continue to evaluate future projects that will provide the TID with the additional administrative revenue necessary to fund operations. The TID's ability to work on projects such as the South Hamilton Crossing and the Salzman Road Relocation and future infrastructure needs in the Liberty Township and the City of Hamilton are critical for the TID and also for the local governments throughout Butler County.

AUDIT

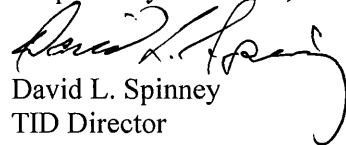
An audit team from Plattenburg & Associates, Inc. performed this year's audit. The results of the audit are presented in the Independent Auditors Report.

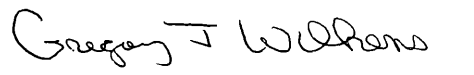
AWARDS AND ACKNOWLEDGMENTS

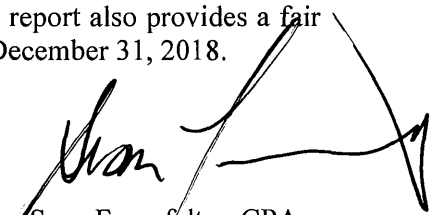
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the TID for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2017. This is the twenty-third consecutive year that the TID has received this award for excellence. In order to be awarded a Certificate of Achievement, the TID must publish 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 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 TID also acknowledges our local governments that are critical to the success of the TID. Without their support to the projects of the TID, it would not be possible to have successfully completed almost \$329 million with seventeen construction projects throughout Butler County. The report demonstrates the level of accountability that we strive to maintain each year. 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, 2018.

Respectfully submitted,


David L. Spinney
TID Director


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


Sean Fraunfelder, CPA
Finance/Administration



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Butler County

Transportation Improvement District

Ohio

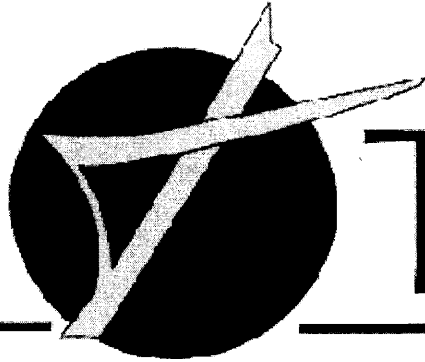
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

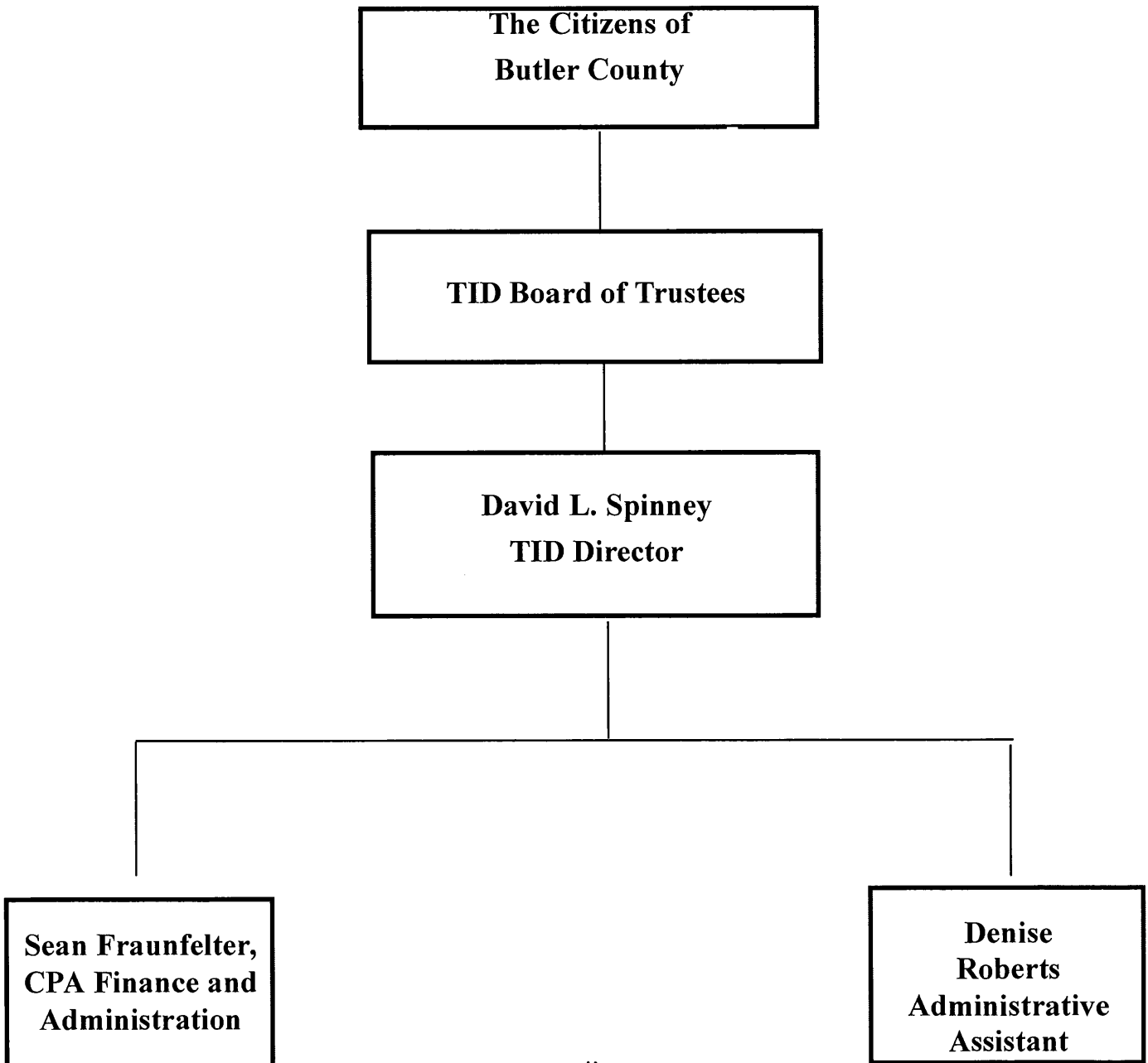
**BUTLER
COUNTY**



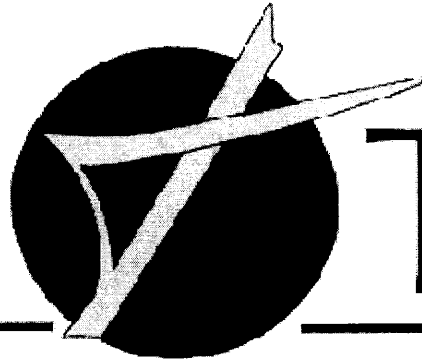
TID

TRANSPORTATION IMPROVEMENT DISTRICT

2018 Staff Organizational Chart



BUTLER
COUNTY

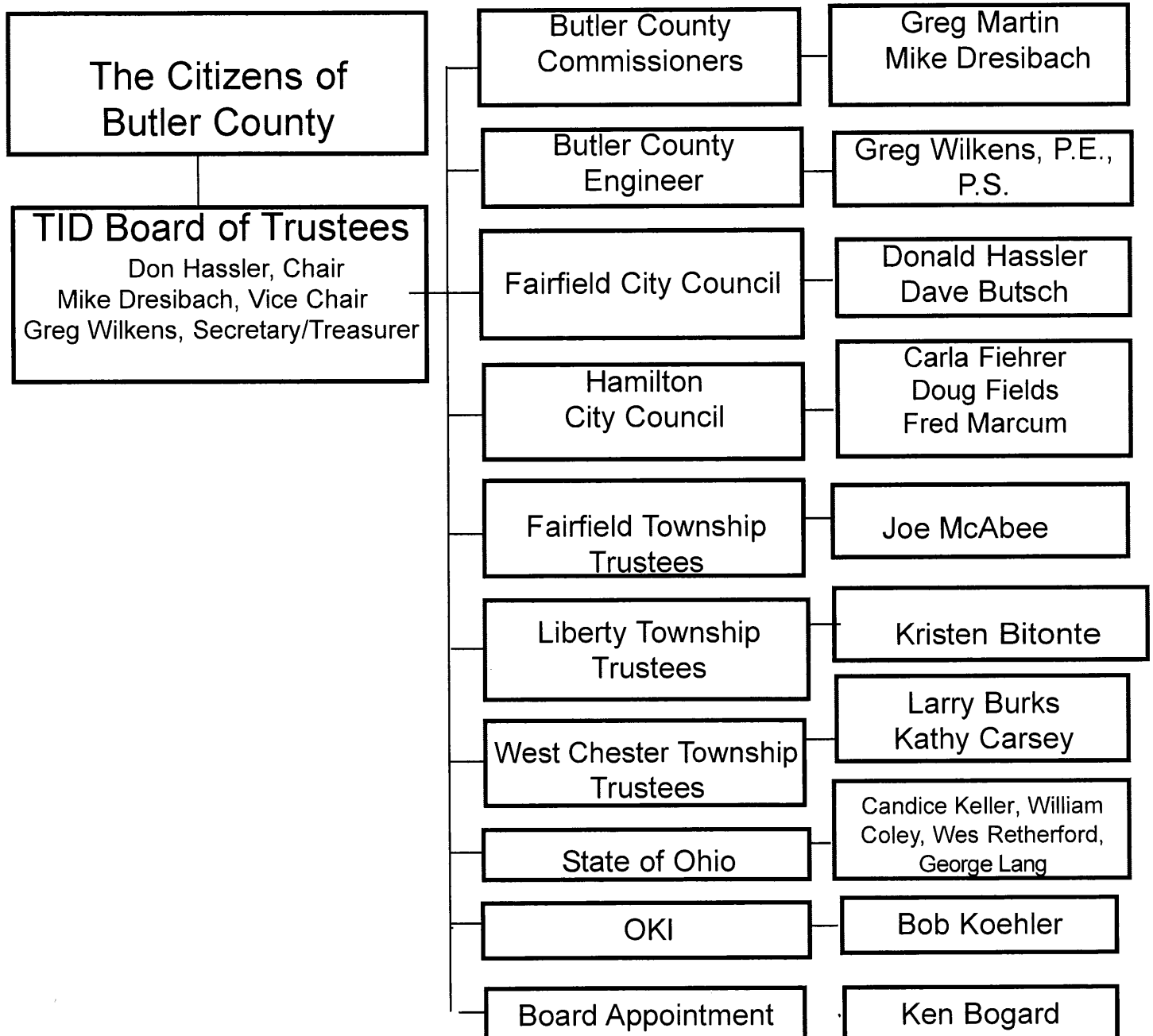


TID

TRANSPORTATION IMPROVEMENT DISTRICT

2018 Board of Trustees

Organizational Chart



FINANCIAL
SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Butler County Transportation Improvement District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler County Transportation Improvement District (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 District, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, during the year ended December 31, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of pension information and postemployment information to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
June 27, 2019

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (Unaudited)

Our discussion and analysis of the Transportation Improvement District of Butler County, Ohio's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2018. Please review it in conjunction with the transmittal letter and the District's basic financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- Total net position increased \$3.7 million mainly due capital grants used to fund mainly the construction in progress on the South Hamilton Crossing project.
- General revenues accounted for \$0.8 million in revenues or 5 percent of all revenues. Program specific revenues in the form of charges for services and capital grants accounted for \$15.1 million or 95 percent of all revenues.
- The District added \$5.7 million in capital assets during the current year as the South Hamilton Crossing construction project saw significant expenditures for construction related costs.
- Among the major funds, the Liberty Interchange fund saw local government contributions of \$10.8 million to cover the 2016 bond obligation. Per the financing agreement, \$10 million was refunded back to Liberty Township and Butler County. The South Hamilton Crossing fund saw over \$5.4 million spent on construction related costs as the project was open to traffic in November 2018.
- Although not reported as a major fund for fiscal year 2018, the District closed out the Salzman Road Relocation project which provided a better route from Middletown to State Route 63 in Monroe.
- Since inception, the District has spent approximately \$329 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 Position and the Statement of Activities (on pages 14-15) 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 16. 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.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (Unaudited)

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District as a whole begins on page 6. 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 Position 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, deferred outflows, liabilities and deferred inflows 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 Position* and changes in it. You can think of the District's Net Position, the difference between assets and deferred outflows, what the District owns, and liabilities and deferred inflows, 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 Position 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 jurisdictional area, 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

The analysis of the District's major funds begins on page 9. The fund financial statements begin on page 16 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 Position and the Statement of Activities) and governmental funds in 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 20-49 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information, combining and individual fund statements and schedules and statistical information which can be found on pages 51-83 of this report.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (Unaudited)

THE DISTRICT AS A WHOLE

The District's total Net Position changed from a year ago as a result of capital assets from the South Hamilton Crossing construction project. Our analysis below focuses on the Net Position (Table 1) and Changes in Net Position (Table 2) of the District's governmental activities.

Table 1
Net Position (in millions)

	Restated			Restated	
	2017	2018		2017	2018
Current and other assets	\$ 11.1	\$ 10.8	Deferred Inflows	\$ -	\$ -
Noncurrent assets	35.1	31.5			
Capital assets	24.2	30.0	Net position:		
Total Assets	70.4	72.3	Investment in capital assets	24.2	30.0
			Restricted	3.0	1.7
Deferred Outflows	1.4	1.2	Unrestricted	3.9	3.1
			Total net position	\$ 31.1	\$ 34.8
Long-term obligations	(37.5)	(35.4)			
Other liabilities	(3.2)	(3.3)			
Total Liabilities	(40.7)	(38.7)			

In prior years, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. During the current year, the District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension," which significantly revises accounting for other postemployment benefit (OPEB) costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension/OPEB costs, GASB 27 and GASB 45 focused on a funding approach. This approach limited pension/OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension/net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension/OPEB accounting; however, the nature of Ohio's statewide pension/OPEB systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (Unaudited)

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension/OPEB promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefits recipients. The retirement systems may allocate a portion of the employer contributions to provide these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension/OPEB liability. As explained above, changes in pension/OPEB benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension/OPEB payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District’s statements prepared on an accrual basis of accounting include an annual pension/OPEB expense for their proportionate share of each plan’s *change* in net pension liability and OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on an accrual basis of accounting. This implementation also had the effect of restating the net position at December 31, 2017 from (\$3,915,567) to (\$3,979,623). The District also had prior adjustments that restated the net position at December 31, 2017 from (\$3,979,623) to \$31,085,241 (see Note 12.)

Other than pensions/OPEB, net position of the District’s activities increased significantly. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased from 2017 as the District generated additional administrative fees. The District also saw the net investment in capital assets increase \$5.75 million with construction in progress on three projects for the District in 2018, mainly the South Hamilton Crossing project.

The District also saw the current assets decrease by \$0.3 million as the District spent down the restricted cash reserves held for the City of Hamilton’s contribution to the South Hamilton Crossing project or retainage balances.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

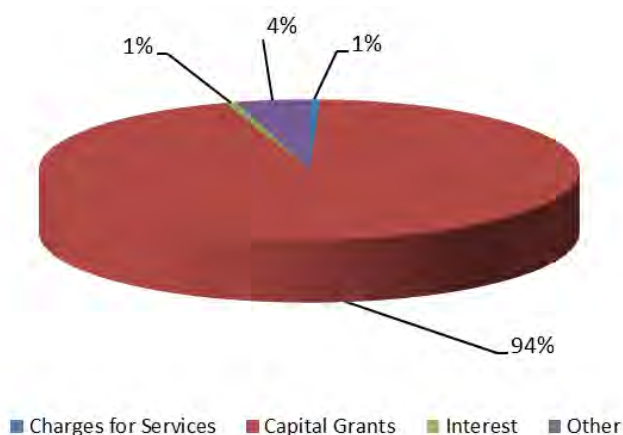
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (Unaudited)

Table 2 compares the 2017 change in net position to the 2018 change in net position.

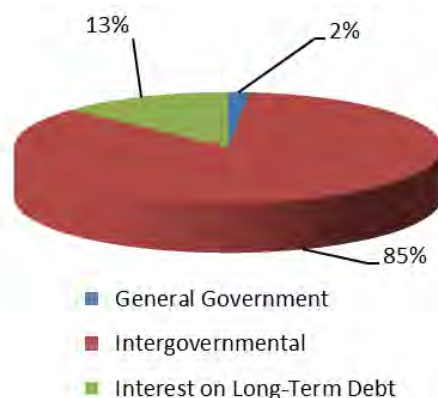
Table 2
Changes in Net Position for 2018
Compared with 2017 activity
(in millions)

	2017	2018	Change
Program Revenues:			
Charges for Services	\$ 0.3	\$ 0.1	\$ (0.2)
Capital Grants	17.6	15.0	(2.6)
General Revenues:			
Interest	-	0.1	0.1
Other	0.6	0.7	0.1
Total Revenues	18.5	15.9	(2.6)
Program Expenses			
General Government	0.1	0.2	0.1
Intergovernmental	3.5	10.4	6.9
Interest of Long-Term Debt	1.7	1.6	(0.1)
Total Expenses	5.3	12.2	6.9
Change in Net Position	13.2	3.7	(9.5)
Beginning Net Position, Restated	NA	31.1	NA
Restatement		-	-
Ending Net Position	\$ 31.1	\$ 34.8	\$ 3.7

2018 Governmental Activities Revenues



2018 Governmental Activities Expenses



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (Unaudited)

The District saw expenses increase from 2017 to 2018 mainly from a larger return of excess monies on the Liberty Interchange debt service deposits to Butler County and Liberty Township last year. The decrease in revenues is attributed to more state, federal and local contributions/reimbursements for the two construction project: South Hamilton Crossing and Salzman Road, received in the prior year with Salzman being completed.

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	
	2017	2018	2017	2018
General Government	\$ 0.1	\$ 0.2	\$ 11.4	\$ 4.6
Intergovernmental	3.5	10.4	(0.1)	(1.7)
Interest on Long-Term Debt	1.7	1.6	3.1	-
Fiscal Charges	-	-	-	-
Total Expenses	\$ 5.3	\$ 12.2	\$ 14.4	\$ 2.9

As the table above shows, the District works hard to cover the expenses/services the District provides. The interest on long-term debt is specifically covered by intergovernmental agreements. The District repays Liberty Township and Butler County any excess funds on their revenue contributions for the Liberty Interchange debt service. The funds received are accounted for a capital grant against both the interest and intergovernmental expenses. The net cost of services for general government is significantly higher in 2017 and 2018 as the District received revenue for the South Hamilton Crossing and Salzman project expenses that are capitalized onto the statement of net position under construction in progress.

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)

	2017	2018	% Change
General	\$ 5.4	\$ 5.3	-1.9%
Liberty Interchange	2.1	-	-100.0%
State Route 4 Bypass Widening	-	-	0.0%
South Hamilton Crossing	2.1	1.6	-23.8%
Nonmajor Funds	0.3	0.1	-66.7%
Total Governmental Balances	\$ 9.9	\$ 7.0	-29.3%

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (Unaudited)

The **General Fund** realized a decrease of \$0.1 million as the District only received \$61,000 as an administration fees which is mainly related to the Salzman Road final administration fee in 2018. The District's operating activities are approximately \$250,000 annually. When administrative fees are down, the District is required to use the beginning cash balance to cover the operating deficit.

The decrease for the **Liberty Interchange Fund** is attributed not retaining any balance in the trust account for the 2019 debt service payments from the excess funds returned to Butler County and Liberty Township during 2018 under funding agreement.

The **State Route Bypass 4 Widening Fund** decreased from the prior year as trustee fee is not included in the funding agreement for the debt service that the three local governments contributed to the District annually.

The **South Hamilton Crossing Fund** decreased by 24% as the City of Hamilton's deposits for construction were used to match the federal STP grant requirements of a 50% local match.

The **Other Nonmajor Funds** accounts for the prior project funds the District still maintains that have little to no balance in them. The Salzman Road relocation project was initiated in the fourth quarter of 2014. During fiscal year 2018, the project was finalized with final construction and retainage payment made. The District also returned funds to City of Monroe for advances made to acquire the right of way that was reimbursed to the District under the federal grant agreement. The District did add a new project (Gilmore Road) during 2018 but incurred very little in expenditures.

Table 5 presents a summary of governmental fund revenues for the 2018 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	2018 Amount	Percent of Total	Increase (Decrease) Over 2017	Percent Increase (Decrease)
Intergovernmental	\$ 16,235,543	96.1%	\$ (1,437,725)	-8.1%
Charges for Services	61,655	0.4%	(250,935)	-80.3%
Investment Earnings	134,950	0.8%	112,983	514.3%
Other	454,242	2.7%	152,241	50.4%
Total	\$ 16,886,390	100.0%	\$ (1,423,436)	-7.8%

The 8% decrease in **intergovernmental revenues** is related to the state, federal and local contributions for the construction component of the South Hamilton Crossing and Salzman Road projects being less than the prior year as the Salzman Road project was completed and the grants for the South Hamilton Crossing project were reimbursed at a lower percentage.

Investment Earnings increased in 2018 as District was able to invest the proceeds from the land sale in investment options that generated close to two percent at year end. The District's increase in **other revenues** relates to expense reimbursements on the South Hamilton Crossing Project from the CSX Railroad for their second installment.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (Unaudited)

The District also saw **Charges for Services** decrease significantly as the District saw governmental administration fees increase in 2017 with the fees generated on the South Hamilton Crossing Project.

Table 6 presents the General Fund budget and the difference between the original budget and final budget for fiscal year 2018. Table 7 discusses the variance between the final budget and the actual results for the fiscal year.

Original versus Final Budget

Table 6
Original and Final Budget - General Fund

	Original	Final	Variance
Revenues:			
Charges for Services	\$ 226,000	\$ 20,000	\$ (206,000)
Investment Earnings	50,000	50,000	-
Other	55,000	15,000	(40,000)
Expenditures:			
Current:			
General Government	297,600	407,500	109,900

The District's charges for services were initially budgeted for the South Hamilton Crossing fund and shared services funds from the Montgomery County TID but the South Hamilton Crossing project fee is pushed into fiscal year 2019. The other revenues decreased as the District anticipated refunds for prior year tax payments coming in higher than what was received. The budgeted expenditures were increased as District expected additional contracted services to help evaluate where the District was going. The District held a board treat in January 2019 looking at that exact issue. Although not presented above, the District increased the final budget to reflect the land sale proceeds and transfer to the Liberty Interchange fund. The initial budget was completed in July 2017 when that closing was expected to happen in 2017.

Final Budget versus Actual

Table 7
Final Budget versus Actual Results
General Fund

	Final Budget	Actual	Variance
Revenues:			
Charges for Services	\$ 20,000	\$ 19,625	\$ (375)
Investment Earnings	50,000	49,324	(676)
Other	15,000	13,897	(1,103)
Expenditures:			
Current:			
General Government	407,500	325,876	81,624

As discussed above, the District worked through 2018 with a very lean operating system. The District continues to focus on bringing expenditures in under budget so the additional hours anticipated for staff weren't needed and some project development expenditures were pushed into 2019.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District had \$30 million invested in construction in progress assets. This amount represents an increase of \$5.7 million, or 24%, over the last year. The District spent those funds on mainly the South Hamilton Crossing project for construction, which accounts for the majority of the increase. For more information on capital assets, see Note 6 of the financial statements.

Debt Administration

At year end, the District had \$28.1 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. For more detailed information on this transaction, refer to Note 9 of the basic financial statements.

During 2009, the District saw the City of Hamilton, Butler County and Fairfield Township agree to support a \$7.3 million special obligation bond for the local share on the District's phases of the State Route 4 Bypass widening project. The bonds were issued under the economic recovery zone bond program so the participating governments received a 45% credit on the interest paid. This is critical for helping reduce the overall burden to these governments. The debt was reduced by \$325,000 during the year. For more detailed information on this transaction, refer to Note 9 of the basic financial statements.

ECONOMIC FACTORS

The District has operated in Southeastern Butler County since its 1994 formation. The District is focusing on finishing out the South Hamilton Crossing project that opens up significant developable acreage within the City of Hamilton during 2018. The District was successful in obtaining \$12.5 million for construction funding through TRAC and OKI that also required significant local contributions from the City. The District is working with the City of Fairfield on the Gilmore Road project that will help reduce congestion around the Interstate 275 ramp. The District has also been working with Liberty Township as initial discussions and planning work is happening for a possible Millikin Road interchange project.

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 continue to provide the residents of Butler County with an easier way to get from one place to the next.

The District sold approximately fifteen acres of developable land in the Liberty Interchange area along the northeast corner of the Cox Road/Liberty Way intersection during March 2018 for \$4.4 million. The District is looking at the revenue from this property to fund the administrative function and possibly initiate future project development as determined by our Director and Board of Trustees.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (Unaudited)

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 POSITION
DECEMBER 31, 2018**

Assets:	
Cash and Cash Equivalents	\$ 5,340,233
Cash in Segregated Accounts	488,792
Restricted Cash with Fiscal Agent	6,435
Restricted Cash and Cash Equivalents	2,082,698
Accounts Receivable	299,745
Interest Receivable	2,798
Intergovernmental Receivables	2,611,681
<i>Total Current Assets</i>	<u>10,832,382</u>
Noncurrent Assets:	
Prepaid Insurance	88,961
Intergovernmental Receivables	31,375,000
Nondepreciable Capital Assets	29,991,671
Total Assets	<u>72,288,014</u>
 Deferred Outflows of Resources:	
Deferred Charge on Bond Refunding	1,240,778
OPEB	3,961
Pensions	23,472
Deferred Outflows of Resources:	<u>1,268,211</u>
 Liabilities:	
Current Liabilities:	
Accounts Payable	153,431
Contracts Payable	417,185
Retainage Payable	718,296
Accrued Wages and Benefits	5,193
Intergovernmental Payable	5,279
Accrued Interest Payable	119,083
Special Obligation Bonds Payable - Current	1,890,000
<i>Total Current Liabilities</i>	<u>3,308,467</u>
Noncurrent Liabilities:	
Net Pension Liability	92,560
Net OPEB Liability	53,825
Special Obligation Bonds Payable	35,252,822
<i>Total Noncurrent Liabilities</i>	<u>35,399,207</u>
Total Liabilities	<u>38,707,674</u>
 Deferred Inflows of Resources:	
OPEB	14,008
Pensions	27,142
Deferred Inflows of Resources:	<u>41,150</u>
 Net Position:	
Net investment in capital assets	29,991,671
Restricted for:	
Capital Improvements	1,724,842
Debt Service	16,231
Unrestricted	3,074,657
Total Net Position	<u>\$ 34,807,401</u>

See accompanying notes to the financial statements

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and
		Charges for Services	Capital Grants and Contributions	Change in Net Position
				Primary Government
				Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 235,150	\$ 61,655	\$ 4,764,368	\$ 4,590,873
Intergovernmental	10,395,724	-	8,686,043	(1,709,681)
Interest on Long-Term Debt	1,588,079	-	1,588,079	-
Total Primary Government	\$ 12,218,953	\$ 61,655	\$ 15,038,490	2,881,192
General Revenues:				
Unrestricted Investment Earnings				134,950
Miscellaneous				706,018
Total General Revenues				840,968
Change in Net Position				3,722,160
Net Position - Beginning - Restated				31,085,241
Net Position - Ending				\$ 34,807,401

See accompanying notes to the financial statements

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	<u>General</u>	<u>Liberty Interchange</u>	<u>State Route 4 Bypass Widening</u>	<u>South Hamilton Crossing</u>
Assets:				
Cash and Cash Equivalents	\$ 5,267,340	\$ -	\$ -	\$ 69,069
Cash in Segregated Accounts	-	-	-	488,792
Receivables:				
Accounts, net	44,655	-	-	255,090
Intergovernmental	-	28,140,000	5,125,000	671,311
Interest	2,798	-	-	-
Interfund Loan	12,281	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	-	-	1,901,587
Cash with Fiscal Agent	-	6,095	340	-
Total Assets	<u>\$ 5,327,074</u>	<u>\$ 28,146,095</u>	<u>\$ 5,125,340</u>	<u>\$ 3,385,849</u>
Liabilities and Fund Balance				
Liabilities:				
Payable:				
Accounts	\$ 5,547	\$ -	\$ -	\$ 243
Contracts	-	-	-	417,185
Accrued Wages and Benefits	5,193	-	-	-
Intergovernmental	5,279	-	-	-
Retainage Payable	-	-	-	718,296
Interfund Loan	-	-	6,051	-
Total Liabilities	<u>16,019</u>	<u>-</u>	<u>6,051</u>	<u>1,135,724</u>
Deferred Inflows of Resources				
Unavailable revenue - intergovernmental revenues	-	28,140,000	5,125,000	612,947
Total Deferred Inflows of Resources	<u>-</u>	<u>28,140,000</u>	<u>5,125,000</u>	<u>612,947</u>
Fund Balances:				
Restricted:				
Debt Service	-	6,095	-	-
Capital Improvements	-	-	-	1,637,178
Unassigned:				
General	5,311,055	-	-	-
Capital Projects (Deficit)	-	-	(5,711)	-
Total Fund Balances	<u>5,311,055</u>	<u>6,095</u>	<u>(5,711)</u>	<u>1,637,178</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,327,074</u>	<u>\$ 28,146,095</u>	<u>\$ 5,125,340</u>	<u>\$ 3,385,849</u>

See accompanying notes to the financial statements

**Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2018**

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$ 7,030,051
		<i>Amounts reported in governmental activities in the Statement of Net Position are different because:</i>	
\$ 3,824	\$ 5,340,233	Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	29,991,671
-	488,792		
-	299,745	Prepaid insurance premiums reported as an expenditures period expenditures and therefore are deferred in governmental funds are allocated as an expense	88,961
50,370	33,986,681		
-	2,798		
-	12,281	Other long term assets are not available for current period expenditures and therefore are deferred in the funds.	33,877,947
181,111	2,082,698		
-	6,435	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(36,021,127)
<u>\$ 235,305</u>	<u>\$ 42,219,663</u>		
		The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:	
\$ 147,641	\$ 153,431	Deferred Outflows - Pensions/OPEB	27,433
-	417,185	Deferred Inflows - Pensions/OPEB	(41,150)
-	5,193	Net Pension/OPEB Liability	<u>(146,385)</u>
-	5,279		
-	718,296		
6,230	12,281		
<u>153,871</u>	<u>1,311,665</u>	Net Position of Governmental Activities	<u>\$ 34,807,401</u>
-	33,877,947		
-	33,877,947		
-	6,095		
87,664	1,724,842		
-	5,311,055		
(6,230)	(11,941)		
<u>81,434</u>	<u>7,030,051</u>		
<u>\$ 235,305</u>	<u>\$ 42,219,663</u>		

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Liberty Interchange</u>	<u>State Route 4 Bypass Widening</u>	<u>South Hamilton Crossing</u>
Revenues:				
Intergovernmental	\$ -	\$ 10,814,460	\$ 656,715	\$ 4,678,033
Charges for Services	61,655	-	-	-
Investment Earnings	56,659	67,329	462	10,500
All Other	13,897	-	139,815	300,530
Total Revenues	<u>132,211</u>	<u>10,881,789</u>	<u>796,992</u>	<u>4,989,063</u>
Expenditures:				
Current:				
General Government	273,147	-	-	3,487
Intergovernmental	-	10,040,768	139,815	-
Capital Outlay	-	250,000	-	5,439,496
Debt Service:				
Principal Retirement	-	1,485,000	325,000	-
Interest and Fiscal Charges	-	1,172,700	334,969	-
Total Expenditures	<u>273,147</u>	<u>12,948,468</u>	<u>799,784</u>	<u>5,442,983</u>
Net Change in Fund Balances	(140,936)	(2,066,679)	(2,792)	(453,920)
Fund Balances - beginning (Restated)	5,451,991	2,072,774	(2,919)	2,091,098
Fund Balances (Deficit) - ending	<u>\$ 5,311,055</u>	<u>\$ 6,095</u>	<u>\$ (5,711)</u>	<u>\$ 1,637,178</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, 2018**

Other Governmental Funds	Total Governmental Funds		
		Net Change in Governmental Fund Balances	\$ (2,805,267)
\$ 86,335	\$ 16,235,543	Amounts reported for the governmental activities in the statement of activities are different because:	
-	61,655	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.	5,754,187
-	134,950		
-	454,242		
86,335	16,886,390	Governmental funds report premiums as other financing sources, whereas these amounts are deferred and amortized on the statement of activities.	251,776
221,371	498,005		
-	10,180,583	Revenues in the statement of activities that do not provide current financial resources are not reported as such in the funds.	(1,197,053)
5,904	5,695,400		
-	1,810,000	In the statement of activities, interest and charges are accrued on outstanding bonds, whereas, in governmental funds, they are reported when due.	6,304
-	1,507,669		
227,275	19,691,657	Bonds payable are due and payable in the current period and therefore are not reported in the statement of activities	
(140,940)	(2,805,267)	Bond Payments	1,810,000
222,374	9,835,318	The issuance of long term debt provides current financial resources to governmental funds, then the repayment reduces long-term liabilities in the statement of Net Position. In the current year, this amount relates to the following:	
\$ 81,434	\$ 7,030,051	Amortization of Deferred Charge	(80,050)
		Prepaid insurance amortized	(6,664)
		Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	(10,830)
		Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities	(243)
		Change in Net Position of Governmental Activities	\$ 3,722,160

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 whom 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 (OKI) 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, 2018

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 position and the statement of activities) report information on all of the activities of the District.

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 District 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, 2018

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 and deferred inflows 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.

Liberty Interchange Capital Projects Fund – This project involved the reconfiguration of the State Route 129 Extension at Interstate 75. The interchange was reconstructed to allow an eastward movement through a collector-distributor connection with Liberty Way. This fund also accounted for the auxiliary road improvements around the interchange. The TID completed financing for the project during 2007 while right of way acquisition started in 2006. The ground breaking for the project was done in the fourth quarter of 2007. The project was completed and open to traffic in October 2009. The local governments have revenue contribution agreements in place to cover the debt service. During 2015, the District has started an interchange modification study to evaluate traffic patterns from development.

State Route 4 Bypass Widening Capital Projects Fund – This project accounted 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 and Butler County Engineer received stimulus funding and other state grants to complete Phases 1, 2 and 3 which started in 2010 and were open to traffic in 2011. The City of Fairfield was under construction for their phase during 2010 and completed it during 2012. The District finished the construction aspect of Phase 5A during 2012. The local governments are continuing to pay for the related debt service on the project. The District has chosen to keep reporting this as a major fund.

South Hamilton Crossing Fund – This project accounts for the study, engineering, right of way acquisition and construction of a railroad overpass along Grand Avenue in the southern portion of the City of Hamilton. The District was successful in receiving a \$10 million allocation through the Ohio Department of Transportation's TRAC project and \$2.75 million OKI STP grant to fund a large portion of the construction cost. The project was open to traffic in November 2018.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position represents a composition of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The District reports deferred outflows of resources on the government-wide statement of net position for pension/other post-employment benefits (OPEB) items and deferred charge on 2016 refunding bond issue. The deferred outflows of resources related to pension/OPEB are explained in Notes 7 and 8.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will be recognized until that time. Grants received before the eligibility requirements are met and pensions are also recorded as deferred inflows of resources. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position (see Notes 7 and 8). On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources. The District reports a deferred inflow for the amounts remaining on the debt obligations for both the Liberty Interchange and State Route 4 Bypass Widening projects.

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.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position and governmental fund balance sheet by activity or fund. The District utilizes a financial institution for the management of two trust accounts for the Liberty Interchange project and State Route 4 Bypass widening project. The balances in these accounts are presented on the financial statements as “Restricted Cash with Fiscal Agent.” The District maintains “Cash in Segregated Accounts” for the retainage balance that John R. Jurgensen has earned but not received in respect to the South Hamilton Crossing project. The District reports “Restricted Cash and Cash Equivalents” for City of Hamilton deposits held for the construction of the South Hamilton Crossing project and balances held for the local share.

During fiscal year 2018, investments were limited to U.S Treasury bills, STAR Ohio 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 have a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price which is the price the investment could be sold for on December 31, 2018.

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 2018 amounts to \$56,659, with no interest assigned to other funds as they operate on a reimbursement basis and do not receive interest. The Liberty Interchange and State Route 4 Bypass Widening capital projects funds also received interest on trust accounts of \$67,329 and \$462 respectively. The District maintains the South Hamilton Crossing fund monies from the City of Hamilton in a separate bank deposit account that generated \$10,500 for the fiscal year.

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. Restricted cash and cash equivalents are related to City of Hamilton deposits on the South Hamilton Crossing as local match requirements for construction and retainage payable.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds.

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 position.

G. Land held for Resale

The District sold 14.8 acres at the northeast corner of Liberty Way and Cox Road that was purchased with operating reserves in fiscal year 2005. The proceeds were deposited into the General Fund. Per GASB 72, “Fair Value Measurement and Application”, the value reported in the prior year was \$4,420,000 as outlined in the purchase agreement. The transaction closed in the first quarter of fiscal year 2018.

H. Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported on the government-wide statement of net position 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. There were no projects dedicated during the fiscal year.

I. Prepaid Insurance

The District issued the 2016 Refunding Special Obligation Bonds in relation to the 2017 Liberty Interchange project with bond insurance to produce a lower effective interest rate on the bonds. The District also issued the 2009 Bypass 4 Recovery Zone Bonds with bond insurance. Under GASB 65, that initial payment is amortized over the remaining life of the bonds.

J. 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 cannot be paid out in any case. Vacation time is earned by the District’s administrative assistant and can be carried over into the next year with permission of the Director. The accrued balance of \$3,294 is accounted for in accrued wages and benefits.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

L. Pensions/ Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

M. Fund Balance

The District reports fund balance under GASB No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*”. The District reports the following categories:

- Restricted fund balances in the Liberty Interchange Fund of \$6,095 for debt service purposes. \$1,637,178 restricted for capital improvements relates to the remaining City of Hamilton allocation for funds for local match on construction grants. \$87,664 restricted for cash advances from the local governments that are held for the final utility construction invoices not received as of December 31, 2018.
- Committed fund balances are balances the District Board has formally allocated. The District has no balance to report in this category.
- Assigned fund balances are balances the District administration have specified the future use. The District has no balance to report in this category.
- Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted amounts are available.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Position

Net position presents the difference between assets, deferred outflows, liabilities and deferred inflows in the statement of net position. Net position – net investment in capital assets is capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is 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. The District reports a large unrestricted net position deficit as the Liberty Interchange bonds and State Route Bypass 4 bonds are still outstanding but the related capital assets were dedicated over to the responsible party to maintain the infrastructure. The District applies restricted resources first when expenses are incurred for purposes for which either restricted or unrestricted amounts are available.

O. 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.

P. 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 position:

The governmental fund balance sheet includes reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. 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 (\$36,021,127) difference are as follows:

Special Obligation Bonds Payable	(\$33,265,000)
Special Obligation Bonds – Premium	(3,877,822)
Accrued Interest Payable	(119,083)
Deferred Charge on Refunding Bonds Payable	1,240,778
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	(\$36,021,127)
	(\$36,021,127)

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 – ACCOUNTABILITY

Fund Deficits

At December 31, 2018, the following funds had a deficit fund balance:

Funds	Amounts
State Route 4 Bypass Widening	\$ 5,711
Gilmore Road Project	6,230

The deficits in the funds were due to timing of reimbursement at year end and gaap adjustments. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance

The Liberty Interchange fund had expenditures in excess of appropriations by \$2,262,768 as the District returns excess local funds contributed under debt service funding agreement. The amount returned was higher than anticipated. The State Route 4 Bypass widening fund had expenditure in excess of appropriations of \$3,025 as the trustee fee wasn't factored into the appropriations.

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;
- 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;

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

- 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 beyond what the State statute requires.

At year-end the carrying amount of the District's deposits was \$4,737,056 and the bank balance was \$4,804,875. \$829,685 of bank balances was covered by federal depository insurance coverage with \$3,975,190 being uninsured under federal depository coverage but collateralized by pooled funds by each bank.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

B. Investments

As of December 31, 2018, the District had the following investments.

	Fair Value	Fair Value Measurement Using	Average Year to Maturity	S&P Rating	Concentration of Credit Risk
STAROhio	\$1,011,826	NA	0.10	AAAm	31.81%
United States Treasury Bills	2,162,820	Level 1	1.56	AA+	67.99%
Money Market Accounts	6,456	NA	0.00	AAAm	0.20%
Totals	\$3,181,102				

Fair Value Measurement:

Fair value as defined by GASB Statement No. 72 requires the District to apply valuation techniques that best represent fair value in the circumstances-market approach, cost approach and income approach. The following are the levels for which inputs can be measured. Level 1 – quoted prices (unadjusted) in active markets for identical assets/liabilities (most reliable); Level 2 – quoted prices for similar assets/liabilities, quoted price for identical assets/liabilities or similar assets/liabilities in markets that are not active, or other quoted prices that are observable; and Level 3 – unobservable inputs (least reliable). As discussed further in Note 2D, STAR Ohio is reported at its share price.

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.

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.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at December 31, 2018, consist of the following individual receivables and payables in the governmental fund balance sheet (such amounts are removed in the statement of net position).

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$12,281	\$0
Capital Projects Funds:		
Liberty Interchange	0	0
State Route 4 Bypass Widening	0	6,051
Non-Major Funds	0	6,230

The District had two funds with an interfund payable for expenditures incurred but no reimbursement was received during the current year.

NOTE 5 – INTERGOVERNMENTAL REVENUES AND CHARGES FOR SERVICES

The following entities, which are a part of the District, have contributed the following funds during 2018:

Member Name	Contribution
Butler County	\$7,893,719
Ohio Department of Transportation	4,322,625
Liberty Township	2,696,162
City of Hamilton	862,144
Fairfield Township	253,093
West Chester Township	157,430
City of Middletown	50,370
Totals	\$16,235,543

Charges for services recorded in the General Fund, represents the District's contract with the Montgomery County TID for providing monthly financial services and part of the project administration fee on the South Hamilton Crossing and Salzman Road projects.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6 – CAPITAL ASSETS

Summary by category of changes in capital assets:

Category	December 31, 2017	Additions	Deletions	December 31, 2018
Construction in Progress	\$24,237,484	\$5,754,187	\$0	\$29,991,671

For 2018, the construction on the South Hamilton Crossing project contributed to the increase in capital assets. The District also capitalized construction in progress expenses for the State Route 129/Liberty Way/Interchange 75 modification study and work on the Salzman Road extension project.

The District transferred several projects to other local governments including the related Liberty Way Interchange projects in 2012 although the District still has the special obligation bonds recorded the Statement of Position which results in the unrestricted net position being reported as large deficit.

NOTE 7 – PENSION PLANS

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents District’s proportionate share of the pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, District does receive the benefit of employees’ services in exchange for compensation including pension.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 – PENSION PLANS (Continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of the plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

Plan Description – The District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 – PENSION PLANS (Continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire tens years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
Age and Service Requirements: Age 60 with 60 months of service credit; or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit; or Age 55 with 25 years of service credit	Age and Service Requirements: Age 62 with 5 years of service credit; or Age 57 with 25 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 – PENSION PLANS (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$10,830 for the year ending December 31, 2018. Of this amount, \$230 is reported as a liability within the general fund.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability - prior measurement date	0.000642%
Proportion of the Net Pension Liability - current measurement date	<u>0.000590%</u>
Change in proportionate share	<u><u>-0.000052%</u></u>
Proportionate Share of the Net Pension Liability	\$92,560
Net Pension Expense	\$ 11,256

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 – PENSION PLANS (Continued)

At December 31, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$95
Changes in proportionate share	1,485
Changes in assumptions	11,062
District contributions subsequent to the measurement date	10,830
Total Deferred Outflows of Resources	\$23,472
Deferred Inflows of Resources	
Differences between expected and actual experience	\$1,824
Net difference between projected and actual earnings on pension plan investments	19,872
Changes in proportionate and differences	5,446
Total Deferred Inflows of Resources	\$27,142

\$10,830 reported as deferred outflows of resources related to pension resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Fiscal Year Ending June 30:	
2019	\$6,756
2020	(4,526)
2021	(8,749)
2022	(7,981)
Total	(\$14,500)

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 – PENSION PLANS (Continued)

Actuarial Methods and Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017 using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017 are presented as follows:

Wage Inflation	3.25 percent	
Projected Salary Increases	3.25 percent to 10.75 percent (Includes wage inflation 3.25%)	
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees: 3 percent Simple 1/7/13 Retirees: 3% simple through 2018, then 2.15% simple	Post
Investment Rate of Return	7.50 percent	
Actuarial Cost Method	Individual Entry Age	

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 – PENSION PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$164,364	\$92,560	\$32,698

Changes between Measurement Date and Report Date

In October, 2018, the OPERS adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the District's net pension liability is not known.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 – PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	<u>18.00</u>	5.26
Total	<u>100.00 %</u>	

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

NOTE 8 –DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

For 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” was effective. This GASB pronouncement had no effect on beginning net position as reported January 1, 2018, as the net OPEB liability is not reported in the accompanying financial statements. The net OPEB liability has been disclosed below.

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 –DEFINED BENEFIT OPEB PLANS (Continued)

The net OPEB liability represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 –DEFINED BENEFIT OPEB PLANS (Continued)

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The District's proportion of the net OPEB liability was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 –DEFINED BENEFIT OPEB PLANS (Continued)

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.000496%
Prior Measurement Date	0.000642%
Change in Proportionate Share	-0.0001460%
Proportionate Share of the Net	
OPEB Liability	\$53,825
OPEB Expense	\$3,364

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$42
Changes of assumptions	3,919
Total Deferred Outflows of Resources	\$3,961
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	4,010
Changes in Proportionate Share	9,998
Total Deferred Inflows of Resources	\$14,008

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Fiscal Year Ending December 31:	
2019	(\$3,889)
2020	(3,889)
2021	(1,267)
2022	(1,002)
Total	(\$10,047)

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 –DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 –DEFINED BENEFIT OPEB PLANS (Continued)

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS’ primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	<u>100.00 %</u>	<u>4.98 %</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 –DEFINED BENEFIT OPEB PLANS (Continued)

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the District’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Districts's proportionate share of the net OPEB liability	\$71,511	\$53,825	\$39,520

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 – DEFINED BENEFIT OPEB PLANS (Continued)

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
District's proportionate share of the net OPEB liability	\$54,177	\$53,825	\$56,229

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the District's net OPEB liability is not known.

NOTE 9 – LONG-TERM OBLIGATIONS

	Restated Balance December 31, 2017	Issued	Retired	Balance December 31, 2018	Due Within One Year
Governmental Activities:					
Special Obligation Bonds					
1.875%-6.50% 2009	\$5,450,000	\$0	\$325,000	\$5,125,000	\$345,000
Premium	65,876	0	5,490	60,386	0
Refunding Bonds					
2%-4% 2016	29,625,000	0	1,485,000	28,140,000	1,545,000
Premium	4,063,722	0	246,286	3,817,436	0
Net Pension Liability					
OPERS	145,787	0	53,227	92,560	0
Net OPEB Liability					
OPERS	64,844	0	11,019	53,825	0
Governmental Activity Long-Term Liabilities	\$39,415,229	\$0	\$2,126,022	\$37,289,207	\$1,890,000

Refunding Bonds: On August 17, 2016 the District advance refunded the 2007 Special Obligation Bonds with the issuance of \$32,365,000 bonds. The District had enough cash reserves along with the bond proceeds and premium to deposit \$42,799,784 in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds when called on December 1, 2017. The reacquisition price exceeded the net carrying amount of the old debt by \$1,440,903. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

The District has pledged all future revenues from the intergovernmental agreements to repay the \$32,365,000 in refunded 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 \$37,187,200 payable through December 2034. For the current year, principal of \$1,485,000 and interest of \$1,172,700 was while total tax increment financing revenue was \$10,143,285.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

On December 16, 2009, the District issued \$7,275,000 for the purpose of paying the local share of the three phases on State Route 4 Bypass. The issue was completed under the provisions of the economic recovery zone bond program. The District will receive a forty-five percent refund of the interest payment annually that will be returned the local governments to help reduce the total interest expense on the project. The bonds have a final maturity of December 1, 2029 and will be repaid through intergovernmental agreements with Butler County, District of Hamilton and Fairfield Township. A premium of \$109,796 on the issuance of the bonds will be amortized over the life of the debt.

The principal and interest requirements for outstanding bonds as of December 31, 2018 are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total	Rate
2019	\$1,890,000	\$1,428,994	\$3,318,994	4.00-5.125%
2020	1,965,000	1,349,513	3,314,513	4.00-5.875%
2021	2,055,000	1,264,163	3,319,163	4.00-5.875%
2022	2,140,000	1,174,744	3,314,744	4.00-5.875%
2023	2,235,000	1,081,550	3,316,550	4.00-5.875%
2024-2028	12,760,000	3,835,988	16,595,988	4.00-6.50%
2029-2033	9,370,000	1,021,950	10,391,950	4.00-6.50%
2034	850,000	29,750	879,750	3.50%
Totals	<u>\$33,265,000</u>	<u>\$11,186,650</u>	<u>\$44,451,650</u>	

NOTE 10 – CONSTRUCTION COMMITMENTS

The District has several major outstanding contracts for services. The following amounts remain on these contracts as of December 31, 2018.

Project and Contractor	Outstanding Balance
South Hamilton Crossing – John R. Jurgensen	\$1,863,172
South Hamilton Crossing – Omnipro Services	152,979

NOTE 11 – 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 2018, the District contracted with Cincinnati Financial Insurance Co. for liability, property, and crime damage and RSUI Indemnity Company for public officials insurance. Coverage provided by the companies is 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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11 – RISK MANAGEMENT (Continued)

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

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2018, the District implemented the following Governmental Accounting Standards Board (GASB) Statements that no impact on the beginning net position:

GASB Statement No. 85 "Omnibus 2017" to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the District.

GASB Statement No. 86 "Certain Debt Extinguishment Issues" to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense.

During 2018, the District restated the beginning net position for intergovernmental receivables related to the outstanding debt obligations that have revenue pledges associated with them. The District also reduced the cash balance for differences between the financial statements and accounting system. The books are reconciled to the accounting system; therefore, the balance reported on the prior year financial statements were overstated.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION (Continued)

The change accounting principles and restatement of net position have the following effect on net position as reported December 31, 2017:

Net Position at December 31, 2017	(\$3,915,567)
Adjustments:	
Intergovernmental Receivables	35,075,000
Cash overstatement	(10,136)
Net OPEB Liability	(64,056)
Restated Net Position at December 31, 2017	<u>\$31,085,241</u>

The District also restated the beginning fund balance in the General Fund and Liberty Interchange Fund for the initial acquisition purchase of the land the District sold during fiscal year 2018. When the initial purchase was completed, the District inaccurately recorded the transaction in the Liberty Interchange Fund but reviewing the documentation the proceeds used to purchase the property were required to be unencumbered District resources, which would only be the General Fund. The cash correction discussed above also impacted the beginning fund balance. The restatements had the following effect on the fund balance as reported December 31, 2017:

	General	Liberty Interchange
Fund Balance at December 31, 2017	\$6,929,563	\$369,414
Accounting error correction	(1,713,496)	1,713,496
Cash correction	235,924	(10,136)
Restated Fund Balance at December 31, 2017	<u>\$5,451,991</u>	<u>\$2,072,774</u>
	State Route 4 Bypass Widening	South Hamilton Crossing
Fund Balance at December 31, 2017	\$106	\$2,323,997
Cash correction	(3,025)	(232,899)
Restated Fund Balance at December 31, 2017	<u>(\$2,919)</u>	<u>\$2,091,098</u>



**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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 226,000	\$ 20,000	\$ 19,625	\$ (375)
Investment Earnings	50,000	50,000	49,324	(676)
All Other	55,000	15,000	13,897	(1,103)
Total Revenues	<u>331,000</u>	<u>85,000</u>	<u>82,846</u>	<u>(2,154)</u>
Expenditures:				
Current:				
General Government				
Personal Services	110,300	110,300	89,739	20,561
Contractual Services	122,800	150,700	142,753	7,947
Materials and Supplies	11,500	9,200	7,464	1,736
Other	53,000	137,300	85,920	51,380
Total General Government	<u>297,600</u>	<u>407,500</u>	<u>325,876</u>	<u>81,624</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	33,400	(322,500)	(243,030)	79,470
Other Financing Sources (Uses):				
Proceeds from the Sale of Asset	-	4,420,000	4,420,000	-
Transfers Out	-	(1,713,496)	-	1,713,496
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,706,504</u>	<u>4,420,000</u>	<u>1,713,496</u>
Net Change in Fund Balance	33,400	2,384,004	4,176,970	1,792,966
Fund Balance Beginning of Year - Restated	1,118,847	1,118,847	1,118,847	-
Fund Balance End of Year	<u>\$ 1,152,247</u>	<u>\$ 3,502,851</u>	<u>\$ 5,295,817</u>	<u>\$ 1,792,966</u>
		Budget Basis	\$ 4,176,970	
		Revenue Accruals	49,365	
		Expenditure Accruals	52,729	
		Proceeds from Sale of Assets	(4,420,000)	
		GAAP Basis	<u>\$ (140,936)</u>	

See accompanying notes to the required supplementary information

Transportation Improvement District of Butler County, Ohio (the "District")
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employees Retirement System of Ohio
 Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
The District's Proportion of the Net Pension Liability	0.000590%	0.000642%	0.000621%	0.000511%	0.000511%
The District's Proportion Share of the Net Pension Liability	\$ 92,560	\$ 145,787	\$ 107,565	\$ 60,221	\$ 61,613
The District's Covered Payroll	78,808	82,817	74,669	69,015	67,969
The District's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	117.45%	176.04%	144.06%	87.26%	90.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Transportation Improvement District of Butler County, Ohio (the "District")
 Required Supplementary Information
 Schedule of the District's Required Pension Contributions
 Public Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contributions	\$ 10,830	\$ 10,245	\$ 9,938	\$ 8,960	\$ 8,972	\$ 8,836	\$ 6,575	\$ 6,589	\$ 5,357	\$ 12,105
Contributions in Relation to the Contractually Required Contribution	(10,830)	(10,245)	(9,938)	(8,960)	(8,972)	(8,836)	(6,575)	(6,589)	(5,357)	(12,105)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The District Covered Payroll	\$ 77,357	\$ 78,808	\$ 82,817	\$ 74,669	\$ 69,015	\$ 67,969	\$ 65,750	\$ 73,211	\$ 63,024	\$ 172,929
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%	13.00%	13.00%	10.00%	9.00%	8.50%	7.00%

See accompanying notes to the required supplementary information

Transportation Improvement District of Butler County, Ohio (the "District")
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 Public Employees Retirement System of Ohio
 Last Two Fiscal Years (1)

	2018	2017
The District's Proportion of the Net OPEB Liability	0.000496%	0.000642%
The District's Proportion Share of the Net OPEB Liability	\$ 53,825	\$ 64,844
The District's Covered Payroll	78,808	82,817
The District's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	68.30%	78.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.50%

(1) Information prior to 2017 is not available

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Transportation Improvement District of Butler County, Ohio (the "District")
 Required Supplementary Information
 Schedule of the District's Required OPEB Contributions
 Public Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contributions	\$ -	\$ 788	\$ 1,656	\$ 1,493	\$ 690	\$ 680	\$ 2,630	\$ 3,661	\$ 4,097	\$ 12,105
Contributions in Relation to the Contractually Required Contribution	-	(788)	(1,656)	(1,493)	(690)	(680)	(2,630)	(3,661)	(4,097)	(12,105)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The District Covered Payroll	\$ 77,357	\$ 78,808	\$ 82,817	\$ 74,669	\$ 69,015	\$ 67,969	\$ 65,750	\$ 73,211	\$ 63,024	\$ 172,929
Contributions as a Percentage of Covered Payroll	0.00%	1.00%	2.00%	2.00%	1.00%	1.00%	4.00%	5.00%	6.50%	7.00%

See accompanying notes to the required supplementary information

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Process

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 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 first and final budgetary document issued during 2018.

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.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 2 – PENSION AND OPEB PLANS

1. Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions – Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2. Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions – Net OPEB Liability

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NONMAJOR FUND DESCRIPTIONS
DECEMBER 31, 2018

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

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

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.

Salzman Road Fund – The fund accounts for the TID’s engineering costs associated with the construction of roadwork improvements by relocating the existing Yankee Road from its intersection with Todhunter Road from its current configuration directly south to the northern terminus of existing Salzman Road.

South Gilmore Road Fund – The fund accounts for the *South Gilmore Corridor/I-275 Ramp ‘Y’ Project* (the “Project”) as a joint transportation improvement project with the Hamilton County Transportation Improvement District (“HCTID”), to be undertaken in conjunction and cooperation with the City of Fairfield, Ohio (“Fairfield”), OKI and ODOT, in an effort to develop and enhance the public roadways and transportation system in the Butler and Hamilton Counties

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	CAPITAL PROJECTS			Total Nonmajor Governmental Funds
	Muhlhauser Road	Salzman Road Relocation	South Gilmore Road	
Assets:				
Assets:				
Cash and Cash Equivalents	\$ 3,824	\$ -	\$ -	\$ 3,824
Receivables:				
Intergovernmental	-	50,370	-	50,370
Restricted Assets:				
Cash and Cash Equivalents	-	181,111	-	181,111
Total Assets	3,824	231,481	-	235,305
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	\$ -	\$ 147,641	\$ -	\$ 147,641
Interfund Payable	-	-	6,230	6,230
Total Liabilities	-	147,641	6,230	153,871
Fund Balances:				
Restricted for Capital Purposes	3,824	83,840	-	87,664
Unassigned	-	-	(6,230)	(6,230)
Total Fund Balances	3,824	83,840	(6,230)	81,434
Total Liabilities and Fund Balances	\$ 3,824	\$ 231,481	\$ -	\$ 235,305

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, 2018**

	CAPITAL PROJECTS			Total Nonmajor Governmental Funds
	Muhlhauser Road	Salzman Road Relocation	South Gilmore Road	
Revenues:				
Intergovernmental	\$ -	\$ 86,335	\$ -	\$ 86,335
Total Revenues	-	86,335	-	86,335
Expenditures:				
Current:				
General Government	-	215,141	6,230	221,371
Capital Outlay	-	5,904	-	5,904
Total Expenditures	-	221,045	6,230	227,275
Change in Fund Balance	-	(134,710)	(6,230)	(140,940)
Fund Balance - Beginning of Year	3,824	218,550	-	222,374
Fund Balance (Deficit) - End of Year	\$ 3,824	\$ 83,840	\$ (6,230)	\$ 81,434

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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 8,000,000	\$ 10,050,000	\$ 10,814,460	\$ 764,460
Investment Earnings	1,000	50,000	67,329	17,329
Total Revenues	<u>8,001,000</u>	<u>10,100,000</u>	<u>10,881,789</u>	<u>781,789</u>
Expenditures:				
Capital Outlay	-	250,000	250,000	-
Intergovernmental	5,314,423	7,778,000	10,040,768	(2,262,768)
Debt Service:				
Principal	1,485,000	1,485,000	1,485,000	-
Interest and Fiscal Charges	1,172,700	1,172,700	1,172,700	-
Total Expenditures	<u>7,972,123</u>	<u>10,685,700</u>	<u>12,948,468</u>	<u>(2,262,768)</u>
Excess of Revenues and Other Financing Sources Over Expenditures	28,877	(585,700)	(2,066,679)	(1,480,979)
Other Financing Sources:				
Transfers In	<u>1,713,496</u>	<u>1,713,496</u>	-	<u>1,713,496</u>
Total Other Financing Sources	<u>1,713,496</u>	<u>1,713,496</u>	<u>-</u>	<u>1,713,496</u>
Net Change in Fund Balance	1,742,373	1,127,796	(2,066,679)	(3,194,475)
Fund Balance Beginning of Year - Restated	<u>2,064,524</u>	<u>2,064,524</u>	<u>2,064,524</u>	<u>-</u>
Fund Balance (Deficit) End of Year	<u>\$ 3,806,897</u>	<u>\$ 3,192,320</u>	<u>\$ (2,155)</u>	<u>\$ (3,194,475)</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE ROUTE 4 BYPASS WIDENING
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenue	\$ 656,744	\$ 656,822	\$ 656,715	\$ (107)
Investment Earnings	50	122	462	340
All Other Revenue	149,348	140,000	139,815	(185)
Total Revenues	<u>806,142</u>	<u>796,944</u>	<u>796,992</u>	<u>48</u>
Expenditures:				
Intergovernmental	149,348	140,000	139,815	185
Debt Service:				
Principal Retirement	325,000	325,000	325,000	-
Interest and Fiscal Charges	<u>331,944</u>	<u>331,944</u>	<u>334,969</u>	<u>(3,025)</u>
Total Expenditures	<u>806,292</u>	<u>796,944</u>	<u>799,784</u>	<u>(2,840)</u>
Net Change in Fund Balance	(150)	-	(2,792)	(2,792)
Fund Balance Beginning of Year	106	106	106	-
Fund Balance (Deficit) End of Year	<u>\$ (44)</u>	<u>\$ 106</u>	<u>\$ (2,686)</u>	<u>\$ (2,792)</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SOUTH HAMILTON CROSSING
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental Revenue	\$ 5,639,000	\$ 5,494,000	\$ 5,357,289	\$ (136,711)
Investment Earnings	1,000	11,200	10,500	(700)
All Other Revenue	255,000	45,000	45,440	440
Total Revenues	<u>5,895,000</u>	<u>5,550,200</u>	<u>5,413,229</u>	<u>(136,971)</u>
Expenditures:				
Current:				
General Government	1,000	4,000	3,487	513
Capital Outlay	8,254,000	7,487,200	5,387,769	2,099,431
Total Expenditures	<u>8,255,000</u>	<u>7,491,200</u>	<u>5,391,256</u>	<u>2,099,944</u>
Net Change in Fund Balance	(2,360,000)	(1,941,000)	21,973	1,962,973
Fund Balance - Beginning of Year	2,112,118	2,112,118	2,112,118	-
Fund Balance (Deficit) - End of Year	<u>\$ (247,882)</u>	<u>\$ 171,118</u>	<u>\$ 2,134,091</u>	<u>\$ 1,962,973</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, 2018**

	MUEHLHAUSER ROAD FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Total Expenditures	-	-	-	-
Change in Fund Balance	-	-	-	-
Fund Balance Beginning of Year	3,824	3,824	3,824	-
Fund Balance End of Year	\$ 3,824	\$ 3,824	\$ 3,824	\$ -

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, 2018**

SALZMAN ROAD EXTENSION

	Budgeted Amounts		Actual	Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 113,250	\$ 145,250	\$ 108,254	\$ (36,996)
Total Revenues	113,250	145,250	108,254	(36,996)
Expenditures:				
Intergovernmental	67,500	256,900	67,500	189,400
Capital Outlay	172,690	172,690	152,383	20,307
Total Expenditures	240,190	429,590	219,883	209,707
Net Change in Fund Balance	(126,940)	(284,340)	(111,629)	172,711
Fund Balance Beginning of Year	292,740	292,740	292,740	-
Fund Balance End of Year	\$ 165,800	\$ 8,400	\$ 181,111	\$ 172,711

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, 2018**

	SOUTH GILMORE ROAD			Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Total Revenues	-	-	-	-
Expenditures:				
Current:				
General Government	-	7,500	6,230	1,270
Capital Outlay	-	50,000	-	50,000
Total Expenditures	-	57,500	6,230	51,270
Net Change in Fund Balance	-	(57,500)	(6,230)	51,270
Fund Balance Beginning of Year	-	-	-	-
Fund Balance End of Year	\$ -	\$ (57,500)	\$ (6,230)	\$ 51,270

STATISTICAL
SECTION

**Transportation Improvement District of
Butler County, Ohio
Statistical Section Descriptions
December 31, 2018**

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.	69-75
Revenue Capacity (The District has no specific revenue source that generates year over year for the District; therefore, there are no tables presenting this information)	
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 the participating governments.	76-78
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.	79
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	80-83



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

NET POSITION BY COMPONENT

LAST TEN YEARS (accrual basis of accounting)

	2018	Restated 2017	2016	2015	Restated 2014
Governmental Activities:					
Net investment in capital assets	\$ 29,991,671	\$ 24,237,484	\$ 13,261,984	\$ 6,220,785	\$ 3,303,882
Restricted	1,741,073	2,915,785	1,837,241	13,819,499	8,833,748
Unrestricted	3,074,657	3,931,972	(33,961,063)	(44,702,048)	(43,322,590)
Total Governmental Activities Net Position	\$ 34,807,401	\$ 31,085,241	\$ (18,861,838)	\$ (24,661,764)	\$ (31,184,960)
Governmental Activities:					
Net investment in capital assets	\$ 2,685,889	\$ 27,234,348	\$ 38,210,364	\$ 30,424,084	\$ 20,005,940
Restricted	7,134,278	8,502,463	11,790,879	10,320,050	5,560,411
Unrestricted	(48,701,083)	(41,571,889)	1,857,888	1,919,013	1,871,650
Total Governmental Activities Net Position	\$ (38,880,916)	\$ (5,835,078)	\$ 51,859,131	\$ 42,663,147	\$ 27,438,001

Source: District financial records

Note: Fiscal year 2013 saw the District transfer \$32,266,980 of capital assets to other local governments as the projects were completed resulting in a large unrestricted net position deficit as the related debt obligations stayed with the District.

Note: Fiscal year 2012 saw the District transfer \$56,901,877 of capital assets to other local governments as the projects were completed resulting in a large unrestricted net position deficit as the related debt obligations stayed with the District.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

CHANGE IN NET POSITION

LAST TEN YEARS (accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses:				
Governmental Activities				
General Government	\$ 235,150	\$ 191,835	\$ 309,911	\$ 233,088
Intergovernmental	10,395,724	3,527,798	10,046,409	4,677,279
Fiscal Charges	-	-	679,823	-
Interest on Long Term Debt	1,588,079	1,650,698	1,827,932	2,360,541
<i>Total Governmental Activities Expenses</i>	<u>12,218,953</u>	<u>5,370,331</u>	<u>12,864,075</u>	<u>7,270,908</u>
Program Revenues:				
Charges for Services				
General Government	61,655	312,590	387,318	17,521
Operating Grants and Contributions				
General Government	4,764,368	11,266,802	7,871,501	4,751,778
Intergovernmental	8,686,043	3,441,524	4,522,543	5,088,434
Interest on Long Term Debt	1,588,079	4,719,942	2,525,674	2,841,031
<i>Total Governmental Activities Program Revenues</i>	<u>15,100,145</u>	<u>19,740,858</u>	<u>15,307,036</u>	<u>12,698,764</u>
Net (Expense)/Revenue	<u>2,881,192</u>	<u>14,370,527</u>	<u>2,442,961</u>	<u>5,427,856</u>
General Revenues				
Unrestricted Investment Earnings	134,950	21,967	77,057	32,352
Change in Fair Value of Investments	-	-	-	-
Miscellaneous	706,018	553,777	418,347	219,909
Special Item - Change in Fair Value of Land	-	-	2,861,561	-
Special Item - Sale of Land	-	-	-	843,079
Special Item - Disposal of Assets	-	-	-	-
<i>Total Governmental Activities General Revenues</i>	<u>840,968</u>	<u>575,744</u>	<u>3,356,965</u>	<u>1,095,340</u>
Change in Net Position	<u>\$ 3,722,160</u>	<u>\$ 14,946,271</u>	<u>\$ 5,799,926</u>	<u>\$ 6,523,196</u>

Source: District financial records.

2014	2013	2012	2011	2010	2009
\$ 149,716	\$ 496,536	\$ 331,860	\$ 1,827,060	\$ 402,366	\$ 715,520
1,880,598	2,004,365	6,065,704	-	-	-
-	-	-	-	-	-
2,374,969	2,387,552	2,398,076	2,414,524	2,467,505	2,181,640
4,405,283	4,888,453	8,795,640	4,241,584	2,869,871	2,897,160
19,750	20,875	97,180	27,669	35,407	203,329
1,138,047	201,134	-	6,419,127	12,861,985	1,345,354
4,682,347	-	-	-	-	-
3,802,539	3,767,570	8,612,849	6,713,131	5,859,116	2,367,815
9,642,683	3,989,579	8,710,029	13,159,927	18,756,508	3,916,498
5,237,400	(898,874)	(85,611)	8,918,343	15,886,637	1,019,338
16,256	(2,145)	16,684	179,297	198,866	77,411
-	-	-	-	-	-
226,526	122,161	64,642	98,344	73,227	319,979
-	-	-	-	-	-
1,924,573	-	-	-	-	-
-	(32,266,980)	(56,901,877)	-	(933,584)	-
2,167,355	(32,146,964)	(56,820,551)	277,641	(661,491)	397,390
\$ 7,404,755	\$ (33,045,838)	\$ (56,906,162)	\$ 9,195,984	\$ 15,225,146	\$ 1,416,728



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

LAST TEN YEARS (modified accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011
General Fund								
Nonspendable	\$ -	\$ 4,420,000	\$ 4,420,000	\$ 1,558,439	\$ -	\$ -	\$ -	\$ -
Unassigned	5,311,055	1,031,991	2,987,025	3,356,088	4,279,228	2,606,885	3,172,070	3,454,396
Total General Fund	5,311,055	5,451,991	7,407,025	4,914,527	4,279,228	2,606,885	3,172,070	3,454,396
All other governmental funds								
Restricted	1,730,937	4,383,327	1,841,390	12,125,910	11,668,263	7,138,427	9,343,008	13,642,716
Unassigned	(11,941)	-	(1,800,592)	(441,705)	(553,914)	(2,441,015)	(3,314,177)	(3,910,658)
Total All other governmental funds	1,718,996	4,383,327	40,798	11,684,205	11,114,349	4,697,412	6,028,831	9,732,058
Total Governmental Funds	\$ 7,030,051	\$ 9,835,318	\$ 7,447,823	\$ 16,598,732	\$ 15,393,577	\$ 7,304,297	\$ 9,200,901	\$ 13,186,454

	2010	2009
General Fund		
Unreserved	3,415,701	3,523,834
Total General Fund	3,415,701	3,523,834
All other governmental funds		
Reserved	11,009,788	13,526,176
Unreserved, reported in:		
Capital Projects	(2,450,556)	(3,421,084)
Total All other governmental funds	8,559,232	10,105,092
Total Governmental Funds	\$ 11,974,933	\$ 13,628,926

Source: District financial records
 Note: The District implemented GASB 54 in 2011 without retroactive application.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS (modified accrual basis of accounting)

	2018	2017	2016	2015
Revenues				
Intergovernmental	\$ 16,235,543	\$ 19,754,467	\$ 14,600,701	\$ 12,674,061
Charges for Services	61,655	312,590	387,318	17,521
Investment Earnings	134,950	21,967	77,057	32,352
All Other	454,242	302,001	289,714	155,267
Total Revenues	<u>16,886,390</u>	<u>20,391,025</u>	<u>15,354,790</u>	<u>12,879,201</u>
Expenditures				
Current				
General Government	498,005	372,182	310,261	284,803
Intergovernmental	10,180,583	3,527,719	10,042,901	4,676,215
Capital Outlay	5,695,400	10,769,662	7,035,177	4,817,412
Debt Service:				
Principal	1,810,000	1,755,000	1,600,000	780,000
Interest and Fiscal Charges	1,507,669	1,568,831	2,377,288	2,348,875
Total Expenditures	<u>19,691,657</u>	<u>17,993,394</u>	<u>21,365,627</u>	<u>12,907,305</u>
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	(2,805,267)	2,397,631	(6,010,837)	(28,104)
Other Financing Sources (Uses)				
Change in Value of Land Held for Resale	-	-	2,861,561	-
Face Value of Debt	-	-	32,365,000	-
Premium from Sale of Bonds	-	-	4,433,151	-
Payment to Escrow Agent for Refunding	-	-	(42,799,784)	-
Proceeds from the Sale of Land	-	-	-	1,233,259
Transfers In	-	445,069	-	-
Transfers Out	-	(445,069)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(3,140,072)</u>	<u>1,233,259</u>
Net Change in Fund Balances	<u>\$ (2,805,267)</u>	<u>\$ 2,397,631</u>	<u>\$ (9,150,909)</u>	<u>\$ 1,205,155</u>
Debt Service as a percentage of noncapital expenditures	24%	47%	28%	37%

Notes:

For 2009-2010, the District is making interest only payments on two special obligation bonds.

2014	2013	2012	2011	2010	2009
\$ 9,640,220	\$ 3,311,026	\$ 8,771,638	\$ 12,685,358	\$ 18,610,388	\$ 4,182,486
19,750	20,875	23,625	27,375	35,407	203,329
16,256	(2,145)	16,684	1,045	198,866	77,411
161,884	759,036	250,540	262,248	241,144	433,769
9,838,110	4,088,792	9,062,487	12,976,026	19,085,805	4,896,995
277,379	485,735	358,578	1,747,494	395,934	471,659
1,873,537	2,004,365	6,065,704	-	-	-
497,391	765,996	4,019,483	7,451,767	17,700,816	11,376,352
565,000	355,000	220,000	185,000	-	-
2,362,500	2,374,300	2,384,275	2,380,244	2,388,362	2,187,543
5,575,807	5,985,396	13,048,040	11,764,505	20,485,112	14,035,554
4,262,303	(1,896,604)	(3,985,553)	1,211,521	(1,399,307)	(9,138,559)
-	-	-	-	-	-
-	-	-	-	-	7,275,000
-	-	-	-	-	109,796
-	-	-	-	-	-
1,924,573	-	-	-	-	-
-	97,598	-	-	-	-
-	(97,598)	-	-	-	-
1,924,573	-	-	-	-	7,384,796
<u>\$ 6,186,876</u>	<u>\$ (1,896,604)</u>	<u>\$ (3,985,553)</u>	<u>\$ 1,211,521</u>	<u>\$ (1,399,307)</u>	<u>\$ (1,753,763)</u>
59%	52%	29%	58%	84%	77%

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**REVENUE BOND COVERAGE - LIBERTY INTERCHANGE
SPECIAL OBLIGATION BONDS 2007 SERIES AND 2016 REFUNDING
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Gross Revenue (1)</u>	<u>Debt Service Requirement (2)</u>	<u>Coverage(3)</u>
2009	\$ 2,308,664	\$ 1,983,475	116.39%
2010	5,859,116	1,983,475	295.40%
2011	6,131,365	1,983,475	309.12%
2012	3,815,871	1,983,475	192.38%
2013	2,139,307	2,098,475	101.95%
2014	8,213,549	2,263,875	362.81%
2015	7,551,210	2,459,475	307.03%
2016	6,291,896	4,108,346	153.15%
2017	7,826,019	2,655,900	294.67%
2018	10,814,460	2,657,700	406.91%
Total	<u>\$ 60,951,457</u>	<u>\$ 24,177,671</u>	<u>252.10%</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. The 2007 series bonds were refunded in August 2016. Years 2007 to 2015 are solely related to the 2007 series but year 2016 was half series 2007 and half 2016 refunding.

(3) Full receipt of gross revenues from entities was required until 150% of next two years debt service is maintained in the trust account. That requirement was eliminated with the refunding bond issue in 2016.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**REVENUE BOND COVERAGE - STATE ROUTE 4 BYPASS
SPECIAL OBLIGATION BONDS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Gross Revenue (1)</u>	<u>Debt Service Requirement (2)</u>	<u>Coverage</u>
2009	\$ 117,084	\$ 204,068	57.37%
2010	380,237	404,887	93.91%
2011	581,766	584,769	99.49%
2012	613,292	613,050	100.04%
2013	383,679	628,075	61.09%
2014	288,624	661,625	43.62%
2015	371,073	656,076	56.56%
2016	437,305	660,032	66.26%
2017	661,646	664,931	99.51%
2018	656,715	659,969	99.51%
Total	<u>\$ 4,491,421</u>	<u>\$ 5,737,482</u>	<u>78.28%</u>

Source: District's records

- (1) The District will receive intergovernmental revenue from Fairfield Township, Butler County and the City of Hamilton for payment of debt service.
- (2) The 2009 debt service payment was funded through the \$109,796 premium on the sale and Butler County's initial contribution of \$117,084. The 2010-2015 debt service was offset with an IRS tax credit which repaid in proportion to the respective debt service amounts under (1). Revenues for 2013-2015 are under the debt service requirement as the District used the escrow refunds to pay down the debt service. The remaining construction fund balance was used to pay down principal only in 2016 as well.

NOTE: The District issued the State Route 4 Bypass special obligation bonds in December 2009.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**RATIO OF SPECIAL OBLIGATION BONDS PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	Special Obligation Bonds					All Outstanding Debt of District	Butler County Per Capita (1)	Net Debt Per Capita	Net Debt per Personal Income
	Series 2007 Liberty Interchange	2016 Refunding Liberty Interchange	State Route 4 Bypass	Butler County Per Capita (1)	Net Debt Per Capita				
2009	\$ 42,608,793	\$ -	\$ 7,384,796	\$ 49,993,589	\$ 137.65	0.39%			
2010	42,549,641	-	7,379,306	49,928,947	135.63	0.37%			
2011	42,490,489	-	7,188,816	49,679,305	134.27	0.35%			
2012	42,431,337	-	6,963,326	49,394,663	133.29	0.33%			
2013	42,257,185	-	6,717,836	48,975,021	131.83	0.34%			
2014	41,913,033	-	6,432,346	48,345,379	129.21	0.32%			
2015	41,358,881	-	6,141,856	47,500,737	126.21	0.30%			
2016	-	35,375,008	5,836,366	41,211,374	108.28	0.25%			
2017	-	33,688,722	5,515,876	39,204,598	103.01	0.24%			
2018	-	31,957,436	5,185,386	37,142,822	97.59	0.23%			

Source: District records

(1) The county's population is estimated by the Bureau of Economic Analysis for the years 2009, 2011-2014 are estimated population reflects date collected by the United States Census Bureau. 2011 - 2015 are based on estimates from the United States Census Bureau Butler County Quickfacts. The information for 2017-2018 was not available so 2016 is used for the calculation.

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>
2018*	1
2017*	1
2016*	1
2015*	1
2014*	1
2013*	1
2012*	1
2011*	1
2010*	1
2009	2

Note: District's financial records

* The District has two employees that work part time.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**TOP TEN TAXPAYERS
REAL PROPERTY**

CURRENT AND NINE YEARS AGO

Name of Taxpayer	2017			2009		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Duke Realty Ohio	\$ 13,515,000	1	0.19%	\$ 16,409,220	1	0.21%
Boymel Sam TR	12,011,410	2	0.17%	13,783,460	2	0.18%
MillerCoors LLC	11,652,070	3	0.17%	12,729,040	5	0.16%
AK Steel Corporation	10,405,630	4	0.15%	13,642,510	3	0.17%
First Industrial L P	9,126,780	5	0.13%	12,780,390	4	0.16%
Lesaint Venture LLC	8,877,010	6	0.13%	10,727,500	7	0.14%
Mejjer Stores LTD PRT	8,822,670	7	0.13%	12,692,620	6	0.16%
FFIII Ohio West Chester	8,050,000	8	0.11%			
Cincinnati Financial Corporation	7,944,520	9	0.11%			
Lightning Popco I LLC	6,993,010	10	0.10%			
Landings at Beckett Ridge LLC				7,685,100	8	0.10%
IPT Cincinnati IC LLC				7,107,980	9	0.09%
GPT Trade Port Drive Owner LLC				7,000,000	10	0.09%
Total	\$ 97,398,100		1.38%	\$ 114,557,820		1.47%
Total Assessed Valuation	\$ 7,055,572,920			\$ 7,797,095,040		

Source: Butler County Auditor's Office
Fiscal year 2018 information is not available

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

Name of Employer	2017			2008		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Miami University	4,265	1	3.16%	4,250	1	2.13%
Cincinnati Financial Corp. (Cincinnati Insurance)	2,989	2	2.21%	2,600	4	1.30%
AK Steel	2,400	3	1.78%	3,100	2	1.55%
Butler County Government	2,178	4	1.61%	2,655	3	1.33%
GE Aviation	2,000	5	1.48%			
Lakota School District	1,827	6	1.35%	1,600	8	0.80%
Mercy Regional Hospital	1,788	7	1.32%	1,601	7	0.80%
Liberty Mutual (Ohio Casualty Insurance)	1,209	8	0.90%	1,340	9	0.67%
Hamilton City School District	1,150	9	0.85%	1,150	10	0.58%
Fort Hamilton Hospital	1,017	10	0.75%	2,000	5	1.00%
Middletown Regional Hospital				1,800	6	0.90%
Total	20,823		15.43%	22,096		11.05%
Total Employed within the County	134,993			200,000		

Source: 2016 Butler County Comprehensive Annual Financial Report and presented as they have presented.

Note: The employment information was not available for 2016 or 2017 according to the Auditor's office.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
DEMOGRAPHIC INFORMATION

LAST TEN YEARS

Year	Population (1)	Total Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (2)
2009	363,184	\$ 12,903,927,520	\$ 35,530	9.4%
2010	368,130	13,391,465,010	36,377	9.3%
2011	369,999	14,358,551,193	38,807	8.6%
2012	370,589	14,945,483,781	40,329	7.1%
2013	371,511	14,254,245,896	38,368	6.9%
2014	374,158	14,993,633,534	40,073	5.4%
2015	376,353	15,631,445,502	41,534	4.6%
2016	380,604	16,221,342,480	42,620	4.1%
2017	380,604	16,221,342,480	42,620	4.0%
2018	380,604	16,221,342,480	42,620	4.2%

Source: (1) The information is provided from the Butler County, Ohio annual report for years 2009 to 2017. The Bureau of Economic Analysis provides information on personal income for Ohio as a whole. The total personal income increased 5.2% in 2014, 4.3% in 2015 and 3.7% in 2016. The amount was not available for 2017 or 2018.

(2) Unemployment figures are derived from Ohio Labor Market Information. These numbers are prepared in cooperation with the Bureau of Labor Statistics, are determined by place of residence, and are not seasonally adjusted. (Butler County Rates)

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MISCELLANEOUS STATISTICS

DECEMBER 31, 2018

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

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BUTLER COUNTY
TRANSPORTATION IMPROVEMENT DISTRICT



Single Audit Reports

December 31, 2018

PLATTENBURG
Certified Public Accountants

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**BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Federal Grantor/Pass - Through Grantor, Program / Cluster Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Pass-Through Ohio Department of Transportation:</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	PID 81174	20.205	\$3,389,032
Highway Planning and Construction	PID 98852	20.205	<u>63,754</u>
Total Highway Planning and Construction Cluster			<u>3,452,786</u>
Total - U.S. Department of Transportation			<u>3,452,786</u>
Total Expenditures of Federal Awards			<u><u>\$3,452,786</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A -- BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards of the Transportation Improvement District of Butler County, Ohio (the District) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C -- MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

Board of Trustees
Butler County Transportation Improvement District

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregated remaining fund information of the Butler County Transportation Improvement District (the District), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 27, 2019, wherein we noted the District adopted GASB No. 75 as disclosed in Note 12.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. Finding 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
June 27, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

Board of Trustees
Butler County Transportation Improvement District

Report on Compliance for Each Major Federal Program

We have audited the Butler County Transportation Improvement District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated June 27, 2019, which contained unmodified opinions on those financial statements, wherein we noted the District adopted GASB No. 75 as disclosed in Note 12. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
June 27, 2019

**BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant Deficiency(s) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

Highway Planning and Construction Cluster – CFDA #20.205

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? No

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

2018–001 Finding Type —Material Weakness—Controls Related to Financial Reporting

The presentation of financial statements and related footnotes that are free of material misstatement is the responsibility of the District’s management. Independent auditors are not part of an entity’s internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to preparing financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes in a timely manner prior to audit.

Our audit identified misstatements in the District’s financial statements that required adjustment in order to present the financial statements in accordance with accounting principles generally accepted in the United States of America.

We provided adjustments to the District which corrected the misstatements prior to the issuance of the financial statements. The misstatements related to cash, intergovernmental receivables and revenue, interfund loans, transfers, deferred inflows, fund balance, and net position.

Recommendation:

Develop a systematic, detailed financial statement preparation and review process.

Management’s Response:

Management agrees.

Section III – Federal Award Findings and Questioned Costs

None

**BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018**

The Butler County Transportation Improvement District had no prior audit findings or questioned costs.

**BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
CORRECTIVE ACTION PLAN
DECEMBER 31, 2018**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	The District will review financial statements and disclosures before information is filed on the Hinkle System.	December 2019	Sean Fraunfelter

OHIO AUDITOR OF STATE
KEITH FABER



BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 3, 2019**